IMPLICATIONS OF AN IPR CHAPTER IN A HYPOTHETICAL FREE TRADE AGREEMENT BETWEEN VIETNAM AND THE EUROPEAN UNION

MUTRAP

(Activity FTA-7C)

Author: **Aurelio Lopez-Tarruella Martinez, Senior Lecturer Private International Law, University of Alicante (Spain)**. Aurelio.Lopez@ua.es
The author would like to thank Nguyen Huu Can, Claudio Dordi and Laurent Manderieux for their help on the elaboration of this Report

TABLE OF CONTENTS

CHAPTER IV
COOPERATION MECHANISMS IN THE IPR CHAPTER IN A HYPOTHETICAL FTA BETWEEN VIETNAM AND THE EU

EXECUTIVE SUMMARY

1. At present, relations between the European Union (EU) and Vietnam are governed by the Co-operation Agreement on Economic and Trade of 1995 and the EU-ASEAN Cooperation Agreement 1980.

In the near future, a new Framework Agreement on Comprehensive Partnership and Cooperation (PAC) is supposed to enter into force between both parties. But this does not seem to be the last step on the relations between Vietnam and the EU. As the PAC expressly states, it should facilitate the launch and conclusion of a Free Trade Agreement (FTA).

The commitments to be assumed by the parties in that future FTA would go beyond those established in prior agreements. The EU's *Global Europe Strategy* states that FTAs shall be comprehensive and ambitious in coverage and "they should tackle non tariff barriers through regulatory convergence". One of the areas repeatedly mentioned in the *Strategy* where regulatory convergence is needed are intellectual property rights (IPR).

The objective of this Report is to analyse the probable content of a Chapter on IPR in a hypothetical FTA between the EU and Vietnam, the implications that such Chapter may entail for the IPR system of the Asian country, the probable socio-economic impact that it may have, and the cooperation mechanisms that may help Vietnam on the implementation of this Chapter. The Report is divided in four chapters having in mind the items of its Terms of Reference.

2. Chapter I explains the reasons that justify the inclusion of an IPR Chapter in a hypothetical FTA between the EU and Vietnam, and the international IPR regulatory framework in which such treaty will be integrated.

As stated in the *Europe 2020 Strategy*, research and innovations are basic components of the EU's economic growth. IPR protection both within the boundaries of the EU and in third countries where European firms make business is essential in this strategy.

Despite the problems that presently exist in Vietnam to ensure an effective IPR protection and enforcement, the Asian country also grant a great relevance to this issue. The reason is that its political aim is to become a "knowledge-base market economy of the 21st century". The Party believes that encouraging creation and innovation, and IPR protection serve the national development. In addition to this, Vietnam authorities are aware of the benefits that the increase of the level of IPR protection has for the attraction of foreign direct investment (FDI), international transfer of technology and the promotion of local innovators and researchers.

Having this in mind, it is no surprise that the PAC reaffirms the great importance that both parties attach to IPR protection (Art. 20). In this sense, there should not be any problem to include an IPR Chapter in a hypothetical EU-Vietnam FTA. Divergences may actually appear on the negotiation of the content of that Chapter: while the objective of the EU in its FTAs is to provide a

level of IPR protection similar to that of the EU legislation, this might be detrimental for Vietnam having in mind its level of economic development. In any case, an agreement is always possible as far as the EU has affirmed the need to take into account the level of development of the countries concerned.

The inclusion of an IPR Chapter in FTAs in one of the means used by the EU to increase the level of protection of IPR provided for in the existing international regulatory framework composed by TRIPS and other multilateral treaties. The EU has concluded several FTAs including IPR provisions. The most relevant ones are those concluded with Korea (EU-Korea FTA); Colombia and Peru (EU-CP TA); Central America (EU-CA AA) and the CARIFORUM States (EU-CARIFORUM EPA). Special attention is paid to these treaties during the Report.

Vietnam is also party to several FTAs included those with US, Japan or Switzerland.

IPR provisions in FTAs include so called TRIPS-plus – extend the protection provided for in TRIPS, or TRIPS-extra provisions – oblige the parties to grant protection to categories of IPR which are not mentioned in TRIPS. These provisions do not derogate but simply supplement the provisions established in those treaties. In particular, the National Treatment and Most Favoured Nation principles are still applicable with a few exceptions.

3. Chapter II is the main one of the Report and has two objectives. The first is to determine the hypothetical content of an IPR Chapter by identifying common IPR provisions that exists in previous FTAs concluded by the EU. The second is to assess the implications that the adoption of a Chapter with that content may have on Vietnam's IPR legislation.

The chapter is divided in four sections: a) objectives, general obligations and principles; b) substantive protection; c) enforcement; d) technology transfer. Of particular relevant are the first three.

The content of provisions in FTAs related to "objectives", "nature and scope of the obligations" and "general principles" is very important. The reason is that they provide some flexibility to the Parties when implementing the obligations of the IPR Chapter into national legislation in order to adapt them to their specific needs. The comparison among the FTAs concluded by the EU show that their objectives are not exclusively to "ensure an effective protection and enforcement of IPR". The FTAs also refers to other objectives which are more relevant of developing countries such as "the promotion of the international transfer of technology". Furthermore, all the FTAs make reference to the Doha Declaration on Public Health and the objectives and principles of TRIPS (arts. 7 and 8). It is important to note that these principles slightly vary from one FTA to another depending on the particular circumstances of each EU's partner. This is particularly important for Vietnam: its authorities would have some scope to negotiate the inclusion of principles which are relevant for the country and which should guide the implementation of the FTA in national law.

In relation to the substantive provisions they concern all categories of IPR. In general, the level of protection established in those provisions already exists in Vietnamese IPR legislation. There are just a few exceptions. First, in the field of copyright, Vietnam would need to ratify the WCT and WPPT and to increase the term of protection of copyright and related rights to 70 and 50 years. Second, in the field of geographical indications (GIs) – an area of great

relevance for the EU and for Vietnam as well, it is presumed that a hypothetical FTA would include an obligation on mutual recognition, and an obligation to increase the protection of GIs in Vietnam probably including provisions on the conflict with previously registered trademarks. Third, in the field of trademarks, Vietnam would need to make efforts to streamline registration procedures and to ensure that decisions are adequately reasoned. FTAs also include provisions on the protection of genetic resources and traditional knowledge which would be of great interest for a biodiversity-rich country such as Vietnam.

As previously mentioned, provisions on enforcement are the most demanding in the FTAs. Vietnam has been pointed out by the EU (and the US) as one of the source countries of counterfeit and pirate products. The measures which have been taken to tackle this problem are acknowledged, but they are still considered insufficient. The implementation of the obligations in this field would need Vietnam to modify part of its IPR legislation – e.g. ensure that enforcement actions and penalties have deterrent effect on infringers; adapt the list of entitled applicants to include licensees, provide the possibility to ask for provisional measures before the commencement of the procedure, or regulate the right of information. More important than that, it will need Vietnam to make a great effort in providing the means to ensure the effective enforcement – e.g. investments in new equipment and facilities, new personnel and the training of that personnel. In order to fulfil these obligations, Vietnam might would benefit from cooperation mechanisms provided for in the FTAs.

4. Chapter III focuses on the implications that the inclusion in a hypothetical FTA between EU and Vietnam of provisions similar to those in the existing EU's FTAs may have on the economy and society of the Asian country. For that purpose, attention is paid to general studies on the impact of the increase of the level of IPR protection in developing countries and to a few studies concerning Vietnam.

According to these studies, the strengthening of IPR protection may have three inter-related benefits: increase of FDI; promotion of international technology transfer; and encouragement of innovative and research activities by local firms. The studies coincide that developing countries do not enjoy these benefits the same way. It depends on its level of development and its particular circumstances – e.g. the consistency of their research and development (R&D) structure. Furthermore, developing countries may only enjoy the benefits of an increase of IPR protection in the long term.

Besides the benefits, the increase of IPR protection may also have costs. The most important ones are those deriving from the implementation of the provisions on IPR enforcement in so far as they may imply huge investments in facilities, equipments and human resources. Other probable costs are those related to the obstacles which might be created to access to medicines, the development of the agricultural sector, equitable benefit-sharing of the exploitation of traditional knowledge and genetic resources, and access to knowledge.

It is sustained that to maximise the benefits and to reduce the costs of the increase of the level of IPR protection, each developing country must adapt its IPR system to its level of development and its particular circumstances. Furthermore, IPR reforms must be accompanied with other measures in IPR-related fields such as R&D.

In the case of Vietnam, it seems that the increase on IPR protection have not had the desired impact on economic development so far due. Some of the reasons pointed out by scholars and national authorities are: the enforcement of IPR is still weak; public awareness about IPR is not appropriate; and the IPR creation is weak due to the lack of enough scientists and engineers, the low degree of investment in R&D – 0.5 of the country's GDP, and the existence of deficiencies in the R&D structure.

Furthermore, the analysis of the existing IPR legislation in Vietnam suggests that some parts are not in accordance to the level of development of the country. That is the case, for instance, of the regulation of plant variety rights where Vietnam is bound to apply the very restrictive regime of UPOV 1991. It is sustained by some scholars that such a regime might have a negative impact on the development of the agricultural sector. Fortunately, that is not the situation as a whole. Other aspects of the IPR legislation seem to be more suitable to the particular circumstances of Vietnam – for instance, the regulation of the international exhaustion of rights seems to be adequate to promote the access to medicines.

In general, the adoption of an FTA with an IPR Chapter similar to those of other FTAs concluded by the EU will neither increase nor reduce these costs. However, there is one important exception: enforcement. Compliance with obligations in this field might require Vietnam a big investment in human and financial resources: building new facilities, purchasing new equipments, hiring new personnel, training new and old personnel, etc...

In any case, despite the low impact of the increase of IPR protection in Vietnam and the implied costs, official documents show the commitment of national authorities to keep the same attitude towards IPR protection to attain some strategic objectives of the country. These objectives include the attraction of FDI from enterprises in very IPR-sensitive sectors such as IT, telecom and bio-tech; or the development of a strong R&D market.

In order to attain these objectives, Vietnam authorities are recommended to: a) negotiate an IPR chapter which provides for a level of protection that is the most adequate to its level of development and its particular circumstances; b) as a complement to the first, negotiate the inclusion in the IPR Chapter of general principles which should allow its authorities some flexibility when implementing the obligations in the FTA to its national legislation; c) accompany the IPR reforms, with measures in other fields so that its national industry can take full profit of IPR; d) finally, if needed, Vietnam should make use of the cooperation mechanisms provided for in the FTAs and ask the EU for technical assistance to facilitate the achievement of these objectives.

5. Chapter IV analyses the cooperation mechanisms provided for in the EU's FTAs, with the purpose of establishing whether their inclusion in a hypothetical FTA with Vietnam will add something to the bilateral cooperation schemes that already exist.

These mechanisms are of great aid for helping developing countries to comply with the obligations assumed in the treaties. They focus in three areas: the effective protection and enforcement of IPR, the promotion of international transfer of technology and the consolidation of a viable R&D system in developing countries.

As confirmed by the professionals interviewed for this Report, technical assistance is of great relevance for Vietnam in order to tackle the two main

problems for the effective protection and enforcement of IPR in the country: the lack of human and financial resources to fight against counterfeiting and piracy, and the lack of public awareness of the importance of IPR protection. According to the existing EU's FTAs, Vietnam would benefit from exchange of information, capacity building and enhancement of institutional cooperation between IP offices. These cooperation mechanisms go much beyond those established in the PAC. In any case, many of the professionals interviewed for this report agree that such technical assistance needs to be tailored to the particular circumstances of Vietnam; training programs do not have to follow the "one size fits all" approach – the flexibilities of TRIPS need to be explained as well; technical assistance needs to be provided to all IPR-related national agencies and business associations; finally, access to IT devices or of databases managed by international organisations is also required.

Cooperation mechanisms also aim to promote technology transfer to EU's partners. The reason is that the more technology-advance is a country, the more it can benefit from an IPR system and the more it can absorb IPR-related imports. So the promotion of technology transfer is for the benefits of all the parties involved. For this purpose EU's FTAs provide for a variety of cooperation mechanisms: exchange of views and information on practices affecting technology transfer both domestically and internationally; EU's incentives to its institutions and firms to promote and to facilitate the transfer of technology to the other Party in such a way that allows the establishment of a viable technological platform; academic, professional and business exchange programs.

Finally, as previously mentioned, it is acknowledged that for IPR strengthening to have an impact on the economy of a country it must be accompanied by measures to consolidate its R&D structures. The EU-CARIFORUM EPA and the EU-CP TA include specific cooperation mechanisms conceived for helping their partners to improve their R&D systems. They include the exchange of information about publicly-funded R&D projects; the participation of entities and experts on their respective systems of science and technology (S&T); and capacity building programs.

Many of these latest mechanisms are already mentioned in the PAC. These mechanisms might be highly beneficial for Vietnam having in mind the reported situation of R&D in the country – very low investment in the field, few level of R&D activity in the private sector, lack of cooperation between public R&D organisations and private enterprises, lack of IPR awareness among researchers. These mechanisms may help Vietnamese authorities to attain its objective of raising Vietnam's science and technological capacity to the level of regional leaders established in the country's current five-year plan on science and technology.

INTRODUCTION

1. At present, relations between the European Union (EU) and Vietnam are governed by the Co-operation Agreement on Economic and Trade of 1995[1] and the EU-ASEAN Cooperation Agreement 1980[2]. Thanks to these agreements, the relations between Vietnam and the EU have expanded and developed, yet the relationship still stands at a level lower than what can be allowed by the potential and advantages of both sides[3].

In order to deepen in their relations, both parties have negotiated a new Framework Agreement on Comprehensive Partnership and Cooperation (PAC)[4]. The PAC provides the basis for a more effective engagement by the EU and its Member States with Vietnam in the development, trade, economic and justice domains. At the moment of drafting this Report, such Agreement was about to enter into force.

However, this is not the last step on the relations Vietnam-EU. As the PCA expressly states, it should facilitate the launch and conclusion of a Free Trade Agreement (FTA) in accordance with the EU's objective of creating a coherent economic and political framework for relations between the EU and ASEAN countries[5].

2. Further deepening in the economic-trade relations between Vietnam and the EU seems to be of common interest for both parties.

On the one half, according to the Vietnam's *Master Plan for the relations with the European Union* (the Master Plan)[6], "the development of a comprehensive co-operation relationship with the EU and with each of its Member States on the basis of equality and mutual benefit is of strategic importance to the cause of national industrialisation and modernisation"[7].

On the other half, in the *Global Europe Strategy*[8] of 2006, the European Commission stated that opening markets abroad was an important source of productivity gains, growth and job creation. ASEAN was identified as one of the regional block which whom negotiations of a FTA should be launched based on market potential (economic size and growth) and the level of protection against

---

[1] OJ L 136, 7 June 1996.
[2] OJ L 144, 10 June 1980.
[3] Master Plan for Relations Between Vietnam and the European Union towards 2010 and Orientations towards 2015 (promulgated together with Decision no. 143/2005QD-TTg dated 14 june 2005 by the Prime Minister), p. 1.
[4] Proposal for a Council Decision on the signing of the Framework Agreement on Comprehensive Partnership and Cooperation between the European Union and its Member States, of the one part, and the Socialist Republic of Vietnam, of the other half (Doc. COM(2010) 699 final).
[5] Explanatory Memorandum of the Proposal for a Council Decision, p. 2.
[6] Master Plan, p. 1.
[7] Master Plan, p. 1.
[8] "Global Europe – Competing in the World", available at http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf

EU's export interests (tariffs and non tariff interests)[9]. Having negotiations with ASEAN as a block failed, the EU decided to launch negotiations with each one of its members[10]. It is in this context that negotiations with Vietnam would be started.

3. According to the *Global Europe Strategy*, the commitments to be assumed by the parties to a future FTA between the EU and Vietnam would go much further than those established in prior agreements, including the PAC not yet in force. The *Global Europe Strategy* states that FTAs shall build on WTO and other international rules to go further and faster in promoting openness and integration. They shall be comprehensive and ambitious in coverage and "they should tackle non tariff barriers through regulatory convergence wherever possible and contain strong trade facilitation provisions"[11].

One of the areas repeatedly mentioned in the *Strategy* where regulatory convergence is needed are intellectual property rights (IPR): "FTAs should include stronger provisions for IPR…"[12].

The objective of this report is to analyse the possible content of a Chapter on IPR in a hypothetical FTA between the EU and Vietnam and the business and legal implications that such chapter may entail for Vietnam. For that purpose, the report will be divided in four chapters.

Chapter I explains the reasons that justify the inclusion of a chapter on IPR in FTAs.

Chapter II identifies common provisions in IPR chapters in FTAs recently concluded by the EU and explains the implications that it may have for Vietnam IPR system if similar provisions are included in a hypothetical FTA between both parties.

Chapter III focuses on the socio-economic implications that such provisions may have for Vietnam taking into account studies of the impact of the increase of the level IPR protection in developing countries.

Finally, Chapter IV deals with the cooperation mechanisms provided in the EU's FTAs and the way they may help Vietnam to implement the obligations in an IPR Chapter of the hypothetical FTA with the EU.

---

[9] Communication "A single market for Intellectual Property Rigths. Boosting Creativity and Innovation to Provide Economic Growth, High Quality Jobs and First Class Products and Services" (Doc. COM (2011) 287 final) (hereinafter, the Communication), p. 11.

[10] At present, negotiations have been started with Singapore and Malaysa, http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/vietnam/

[11] The Communication, p. 11.

[12] The Communication, p. 11.

CHAPTER I
JUSTIFICATION OF AN IPR CHAPTER IN A HYPOTHETICAL FTA BETWEEN THE EU AND VIETNAM

I. EU'S AND VIETNAM'S APPROACHES OF IPR

1. The EU is one of the strongest promoters of IPR protection in the world. The main reason for this is that research and innovation are basic components of its economic growth strategy. In March 2000, the European Council adopted the so-called *Lisbon Strategy* with the aim of becoming the "most competitive and dynamic knowledge-based economy in the world in year 2010"[13]. Such objective was renewed in the *Europe 2020 Strategy* where it is stated that "knowledge and innovation are drivers of our future growth". IPR are essential in this strategy in so far as it ensures firms and individuals commercial returns for their intellectual creations and provide incentives to invest in future research and inventive activities[14].

Other reasons why the EU promotes a high level of protection of IPR are that counterfeited and pirated products threaten the health and safety of EU citizens and that trafficking with these products have become a source of funding for criminal and terrorist organisation[15].

In view of these concerns, it is no surprise the Commission's assessment that "in the knowledge-based economy more than ever, IPR enforcement remains a key objective, which is vital for the competitiveness of European industry and for EU's growth and jobs as well as for the safety of its citizens"[16].

But the EU's objective of promoting a high level of IPR protection is not limited to its territory. The EU enjoys a comparative advantage in research and innovation activities in particular *vis-à-vis* emerging economies. Globalisation provides Europe with immense opportunities to export and trade in its IP-intensive products, services and know-how to third countries[17]. However, EU companies cannot take full profit of these opportunities unless their IPR are adequately protected when trading in foreign countries. Furthermore, the EU is aware that the importation of counterfeited and pirated goods must be tackled in the source countries.

These explain why the EU is an active promoter of the effective protection and enforcement of IPR in international *fora* and why one of the objectives of the FTAs concluded with third countries is to include IPR provisions which offer "as far as possible identical levels of protection to that existing in the EU"[18].

---

[13] http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00100-r1.en0.htm

[14] http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/

[15] *Strategy for the enforcement of IPR in third countries* (IPR Enforcement Strategy), p. 7 (OJ 129, 26 May 2005).

[16] Commission Staff Working Document "IPR Enforcement Report 2009", p. 3.

[17] The Communication, p. 19.

[18] The Communication, p. 20.

2. While its circumstances are not the same than those of the EU, Vietnam is also a promoter of IPR protection. The main reason is that the Asian country also aims at becoming a knowledge-base market economy of the 21st century. For this purpose the Vietnam's *Strategy for socio-economic development 2001-2010* identifies demands for strong development of scientific and technological market associated with protection of IPR[19]. The Party and the State believe that encouraging and promoting creation and innovation, and IPR protection serve the national development[20]. Academics also sustain that IPR protection is a critical requirement for any country to develop technologically based industrial and promote invention and innovation[21].

In addition to this, it is sustained that a high level of IPR protection helps developing countries such as Vietnam to attract foreign direct investment (FDI); the international transfer of technology and know-how via networking and collaboration with domestic firms[22]; and the promotion of innovative and research activities by local firms and individuals.

Finally, while there is no official assertion about it, Vietnam authorities would certainly agree with the EU's views that a high level of IPR protection and enforcement also help to ensure the health and safety of its citizens and to cut the source of financing of criminal organisations.

Despite these objectives, it is certainly true that Vietnam shall still overcome many problems that presently exist in the country to ensure an effective protection and enforcement of IPR. In fact, according to the World Economic Forum, Vietnam is ranked 127 of 142 countries with regard to effectiveness in IPR protection[23]. Those problems will be explained throughout this Report.

3. Taking into account the position of EU and Vietnam about the protection of IPR, it should not be any problem for any of the parties to accept the inclusion of a Chapter in the field in a hypothetical FTA.

In fact, in Art. 20 PAC, the parties already "reaffirm the great importance they attach to IPR protection and the full implementation of international commitments on IPR with a view to ensuring adequate and effective protection of such rights in accordance with the relevant international standards/agreements, including effective means of enforcement".

4. The difficulties may certainly show up when negotiating *the content* of that Chapter.

As it will be explained in chapter III, while IPR protection may have a strong positive impact on investment and innovation, academics have underlined that it may also have counterproductive effects in developing countries: monopolisation of markets by foreign firms, higher prices of IPR-related products, public health, access to knowledge, food security,

---

[19] The same is also valid for the *Vietnam Strategy for socio-economic development 2011-2020*, available at http://www.cpv.org.vn/cpv/Modules/News_English/News_Detail_E.aspx?CN_ID=396692&CO_ID=30113

[20] NOIP, *Intellectual Property Activities – Annual Report 2010*, p. 5.

[21] Y. Heo / T. N. Kien, "Vietnam's Intellectual Property Landscape from a Regional Perspective", *International Area Studies Review*, vol 14, num. 1, March 2011., p. 97.

[22] This is broadly explained in Chapter III.

[23] Information available at http://gcr.weforum.org/gcr2011/

environment, labour rights, technology transfer, biodiversity management[24]. At the same time, ensuring the effective enforcement of IPR implies the investment of a lot of resources (such as human, material, financial or informational) to create the necessary administrative and judicial framework.

Academics sustain that IP protection should be tailored to the domestic level of development of each country[25]. The overarching aim to promote societal progress of a country demands a level of IP protection which takes all relevant interests into account and balances between them[26].

Vietnamese authorities should pay attention to these concerns in the hypothetical negotiations with the EU of a FTA. When negotiating the content of the IPR Chapter, Vietnam should try to negotiate levels of protections of the different categories of IPR which are adapted to its particular situation, provisions which provide certain flexibility for its implementation in national law or exceptions to the exclusivity rights.

5. At first sight, this approach might be seen as completely opposite to that of the EU since, as previously mentioned, its first objective is to include provisions which offer "as far as possible identical levels of IPR protection to that existing in the EU". However, the EU has also stated in the *Global Europe Strategy* that when negotiating FTAs, it is important to "take into account the development needs of our partners"[27].

In particular, the recent Commission Communication *A single market for Intellectual Property Rigths* (the Communication)[28] states that "[i]n negotiating FTAs, the IPR clauses should as far as possible offer identical levels of IPR protection to that existing in the EU *while taking into account the level of development of the countries concerned*". Furthermore, the Communication also states that "the right balance also need to be struck between protection of IPR in third countries and access to knowledge"[29].

6. To conclude it can be affirmed that it is of the interest of both parties to include an IPR Chapter in a hypothetical FTA between EU and Vietnam. While some disagreements may appear on the content of such Chapter – level of protection, flexibilities on the implementation of its obligations, exceptions to the exclusivity rights… -, the declared approach of the EU to the negotiation of bilateral agreements with its partner suggests that such disagreements might be easy to solve.

II. THE INTERNATIONAL IPR REGULATORY FRAMEWORK IN WHICH THE HYPOTHETICAL FTA BETWEEN VIETNAM AND THE EU WILL BE INTEGRATED

---

[24] J. Kuanpoth, "TRIPS-plus Rules under Free Trade Agreements: An Asian Perspective", in: C. Heath / A. Kamperman Sanders, *Intellectual Property and Free Trade Agreements*, Oxford, Hart Publishing, 2007, p. 27.

[25] A. Kur / H. Grosse Ruse-Khan, "Enough is enough – the notion of binding ceilings in international intellectual property protection", *MPI Research Paper Series* No. 09-01, p. 29.

[26] H. Grosse Russe-Khan, "The concept of sustainable development in International IP Law – New Approaches from EU Economic Partnership Agreements", *ICTSD*, September 2010.

[27] Global Europe Strategy, p. 19.

[28] The Communication, p. 20.

[29] The Communication, p. 20.

1. The existing international IPR regulatory framework and the EU's actions to increase the level of protection

7. As it is widely known, the basic instrument on international IPR protection is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Having been adopted in the framework of the World Trade Organisations (WTO)[30], all the Members – including the EU and Vietnam – must comply with its provisions[31].

Broadly speaking TRIPS obliges the parties to provide a minimum level of protection to different categories of IPR – copyright, trade marks, industrial designs, patents, lay-out designs of integrated circuits, geographical indications and undisclosed information – and to established measures to ensure their effective enforcement. Furthermore, art. 64 TRIPS enables its members to refer to the WTO Dispute Settlement System in case of controversies on the compliance of its provisions.

8. Besides TRIPS, there are many other treaties related to the different categories of IPR adopted in the framework of the World Intellectual Property Organisation (WIPO). The basic ones are the Berne Convention for the Protection of literary and artistic works of 1886 and the Paris Convention for the Protection of industrial property of 1883. Both the EU and Vietnam are parties to these treaties – in fact, TRIPS obliges WTO Members to comply with them.

However, while the EU or its Members States have ratified all the other treaties administered by WIPO, that is not the case of Vietnam[32] and of many other developing and developed countries.

9. Having in mind the relevance the IPR have for its economic growth, it is easy to understand that the EU considers that the level of protection provided by TRIPS is not enough. Furthermore, it is sustained that the agreement is not adequate implemented in many countries. The EU provides for a higher level of IPR protection within its territory and fights for the strengthening of IPR protection in third countries. This is completely legal from the point of view of TRIPS in so far as art. 1.1 states that WTO members "may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement".

---

[30] TRIPS is included in Annex 1C to the Marrakesh Agreement Establishing WTO.

[31] Inadequate protection of IPR constituted one of the biggest obstacles to Vietnam's accession to the WTO and has remained a source of external pressure. Y. Heo / T. N. Kien, "Vietnam's …", p. 74. It should be recalled that at the time TRIPS was enacted and Vietnam submitted in application for WTO Membership (1995), IPR system in Vietnam functioned mainly on the basis of "under-law" documents (WTO, *Vietnam Review of Legislation before TRIPS Council*, Doc. 10-4595 of 7 September 2010, p. 2). So the efforts made by Vietnam to adapt its IPR systems to TRIPS must certainly be appreciated.

[32] Vietnam is party to the following treaties in the field of IPR: TRIPS (1st January 2007), WIPO Convention (January 1975), Paris Convention (January 1975), PCT (December 1992), Madrid Agreement (February 1973), Madrid Protocol (April 2006), Berne Convention (July 2004), Phonograms Convention (April 2005), UPOV Convention (November 2006), Rome Convention (March 2007). Treaties which have not been ratified yet by Vietnam are: WCT, WPPT, Patent Law Treaty, Singapore Treaty on the Law of Trademarks 2006, Trademark Law Treaty 1994, Budapest Treaty, Hague Agreement, Nice Agreement, Locarno Agreement, Strasbourg Agreement and Vienna Agreement. The text and information of all these treaties is available at http://www.wipo.int/treaties/en/

10. The EU fights for the strengthening of IPR protection in third countries by implementing two categories of actions: multilateral and bilateral.[33]

a) The main *multilateral action* implemented by the EU is its participation in the negotiations in international fora such as the TRIPS Council and in the different Committees of WIPO.

Furthermore, the EU has been involved in the negotiation of the Anti-Counterfeiting Trade Act (ACTA). Due to the frustration with the progress on monitoring and norm-setting on IPR enforcement in multitateral fora, the major industrialized countries started the negotiation of this treaty in 2007[34]. The final text was adopted in October 2010. Its purpose is to have a new plurilateral treaty improving global standards for the enforcement of IPR, to more effectively combat trade in counterfeit and pirated goods[35].

b) *Bilateral action*. Following the example of the *US Special 301 Report*[36], the European Union in running, since the adoption of the *Strategy for the enforcement of IPR in third countries* (IPR Enforcement Strategy) in 2005, an *Evaluation of the IPR Enforcement in Third Countries* (the Evaluation Report). The result of this evaluation is a list of countries/regions on which the EU must focus its efforts on promoting IPR protection and enforcement.

The EU is adopting two complementary actions with the countries included in the list. On the one half, it conducts "*political dialogues*" on IP issues (usually involving European industry), and/or runs *technical co-operation programmes* intended to help enhance the IPR system with authorities of those countries. On the other half, if the adequate circumstances exist, the EU launches negotiations for *bilateral trade agreements* with certain of these countries.

Vietnam was listed in Category 3[37] in the Evaluation Report in 2006: "Countries/regions with high levels of production, transit and/or consumption of IPR infringing goods, with which the EU may soon enter into a deeper trade relation, which would include higher focus on IPR enforcement"[38].

---

[33] http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/

[34] In the WTO Council for TRIPS, Brazil, India and China have consistently blocked the inclusion of enforcement as a permanent agenda item. At the WIPO, enforcement issues are relegated to a purely advisory committee.

[35] http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/anti-counterfeiting/

[36] The Special 301 is an annual review process led by the Office of the U.S. Trade Representative of intellectual property protection and market access practices in foreign countries. Those countries which do not provide "adequate and effective" protection of IPR or "fair and equitable market access to United States person that rely upon IPR" are included in a Watch List or a Priority Watch List. In the 2011 Special 301 Report, Vietnam is included in the Watch List – meaning a country having "serious intellectual property rights deficiencies" – along with Belarus, Bolivia, Brazil, Brunei, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, Finland, Greece, Guatemala, Italy, Jamaica, Kuwait, Lebanon, Malaysia, Mexico, Norway, Peru, Philippines, Romania, Spain, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan. Available at http://www.ustr.gov/webfm_send/2841

[37] Along with Korea, Argentina, Brazil, Paraguay, Thailand, Indonesia, the Philippines and Malaysia. In 2009, that list was updated: Vietnam is still included along with Argentina, Brazil, Canada, India, Israel, Korea, Malaysia, Russia and United States.

[38] In particular, the Evaluation Report stated that "Although [the ASEAN] countries have made substantial progress in recent years in legislative terms, the production and trade of infringing goods is generalised, enforcement actions are insufficient and penalties against infringers are mostly non-deterrent. The expected opening of markets between the EU and ASEAN will have to

11. As it has just been mentioned, negotiation of bilateral trade agreements is one of the actions taken by the EU to increase the protection of IPR in third countries. Such agreements do not only refer to IPR, but to all trade-related aspects. It is usually the case that in exchange for the increasing of the protection of IPR, the EU makes concessions in other areas of trade such as preferential access to the EU market for certain products or services.

The EU has negotiated more than 40 of these agreements. Depending on the third country, those agreements have taken the form of Economic and Partnership Agreements, Partnership and Cooperation Agreements, Association Agreements, Trade Development and Cooperation Agreements, Euro-Mediterranean Association Agreements or Free Trade Agreements.

The relevance of IPR provisions in those agreements have grown as a consequence of the mandates of strengthening IPR protection included in the Global Europe Strategy, the IPR Enforcement Strategy and subsequent Commission communications. The number of IPR provisions in the most recent FTAs is high in comparison with other fields of law:

a) 25 (Arts. 139 – 164) in the Economic Partnership Agreement with the CARIFORUM States[39] (EU-CARIFORUM EPA);

b) 69 (arts. 10.1 – 10.69) in the Free trade Agreement with the Republic of Korea[40] (EU-Korea FTA);

c) 48 (arts. 195 -257) in the Trade Agreement with Colombia and Peru[41] (EU-CP TA);

d) 63 (arts. 228 – 276) in the EU-Central America[42] Association Agreement[43] (EU-CA AA).

At present, the EU is negotiating FTAs with Canada, India, Malaysia, Mercosur all of which include IPR chapters with numerous provisions.

The IPR provisions in these FTAs are *TRIPS-plus* or *TRIPS-extra*. The first are provisions that provide broader and more extensive standards of protection of the categories of IPR established in TRIPS, stronger enforcement mechanisms, weakening of the "flexibilities" and "special and differential treatment" granted to developing and least developed countries in the Agreement. The second are provisions that provide for protection of subject matters which are not mentioned in TRIPS – e. g. protection of test data of pharmaceutical or agrochemical products.

12. The EU is not alone in the use of FTAs to increase the level of protection of IPR. The US has concluded more than 30 FTA agreements with their partners and other countries such as Japan, Korea and China are starting to do the same, although the content of the IPR Chapter in the case of this latter country varies.

---

be accompanied by an increased respect and protection of intellectual property assets". http://trade.ec.europa.eu/doclib/docs/2010/february/tradoc_145795.pdf

[39] OJ L 289, 31 October 2008. CARIFORUM is composed of the 14 members of the Caribbean Community (CARICOM) - Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Surinam, Trinidad and Tobago, and Dominican Republic.

[40] OJ L 127, 14 May 2011.

[41] http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147704.pdf

[42] Central America includes Costa Rica, El Salvador, Guatemala, Panama, Honduras and Nicaragua.

[43] http://trade.ec.europa.eu/doclib/press/index.cfm?id=689

Negotiation of FTAs including IPR provisions is not new for Vietnam either. At present, Vietnam is party to the Bilateral Agreement between the US and Vietnam on trade relations of 2000 (US-Vietnam BTA), the Agreement between Japan and Vietnam for an Economic Partnership of 2008 (Japan-Vietnam EP), and is in the process of negotiating a FTA with Chile.

In addition to this, as a member of ASEAN, Vietnam is party to Agreements of ASEAN establishing Free Trade Areas with Australia-New Zealand, China, India, Korea and Japan although not all of them include IPR in their scope of application[44].

Finally, in the specific field of IPR, Vietnam has signed a bilateral agreement with the Swiss Federal Council on the Protection of Intellectual Property and on Co-operation in the Field of Intellectual Property 1999 and is party to the ASEAN Framework Agreement on Intellectual Property Cooperation of 1995.

While some of these agreements exclusively provide for cooperation in the field of IPR, others – US-Vietnam BTA, Switzerland-Vietnam Agreement – provide for TRIPS-plus and TRIPS-extra provisions similar or even more demanding than those included in the FTAs concluded by the EU.

These treaties are self executing in Vietnam. They are usually invoked before the courts and they take them into account on their judgements[45]. Furthermore, in case of conflict between a treaty provision and a national provision, the first prevails[46].

As it will be seen in chapter II, the impact of a hypothetical FTA with the EU in Vietnam IPR system is reduced by the fact that Vietnam has already implemented some TRIPS-plus/-extra obligations in the framework of these FTAs.

2. The supplementary character of IPR provisions in FTAs: TRIPS plus/extra provisions, MFN and NT clauses

13. From what has been already said, it is clear that the purpose of IPR Chapters in FTAs is to supplement the protection provided by TRIPS. It shall be recalled that this Agreement provides for a minimum standard of protection[47], so WTO members are free to increase such level of protection with TRIPS-plus/-extra provisions in the FTAs they negotiate[48].

To reinforce this supplementary character, EU's FTAs include so-called "non-derogation clauses". The aim of these clauses is to make clear that the objective of its IPR provisions is to complement and specify the rights and

---

44 That's the case of the FTAs with Korea, India or China.

45 So practitioners believe that the more precise the treaty, the better. However, the lack of flexibility for the implementation of the treaty in national law may also have negative effects.

46 Art. 5 Intellectual Property Law 2005 (IPL). The same solution is provided in art. 759.2 Civil Code (CC).

47 Art. 1.1: Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement,

48 For the same reason, parties to FTAs are free to provide a more extensive protection that is required in the FTA in their national legislation. This is expressly mentioned in Art. 139.5 EU-CARIFORUM EPA.

obligations of the Parties under TRIPS[49]. These "non-derogation clauses" are particularly important when interpreting FTAs: a) in case of a conflict between the provisions in the FTA and in TRIPS, the first must be interpreted in a way that does not contradict or is detrimental to the provisions of the latter; b) it cannot be interpreted that the provisions of the FTA derogates those of TRIPS or any other international agreement. FTA provisions "complement" those of these agreements and, in certain cases, specify the rights and obligations of the parties under these agreements.

14. Generally speaking, the effect of the proliferation of FTAs which IPR chapters is the "ratchet up" of international standards in the field[50].

This "ratchet up" effect is emphasized by the fact that due to the Most Favoured Nation (MFN) and National Treatment (NT) principles in Arts. 3 and 4 TRIPS[51], parties to these FTAs must grant the higher level of IPR protection provided in them not only to nationals of the other party to the FTA *but to nationals of any other WTO member*. Contrary to GATT and GATS, exemptions to these principles very limited[52].

None the less, a precision needs to be made: MFN and NT principles are only applicable to TRIPS-plus provisions, that is: to provisions in FTAs that increase the level of protection of *categories of IPR included in TRIPS* – e.g. provisions that obliges the parties to increase the term of protection of copyright to 70 years. However, these clauses are not applicable to TRIPS-extra provisions – e.g, test data exclusivity, plant variety rights….- because they *do not refer* to categories of IPR covered by TRIPS [53]. As a consequence, an obligation for WTO FTA parties to apply these provisions to national of other WTO members does not exist.

---

[49] Arts.196.2 EU-CP TA, 229 EU-CA AA, 10.2.1 EU-Korea FTA. The scope of this clause is extended in the EU-CP TA and the EU-CA AA to "other multilateral agreements" and "other international treaties in the field of IPR". The fact that a non-derogation clause is not included in the EU-CARIFORUM EPA should not be an obstacle to reach the same result as a consequence of the general rules on the interpretation of international treaties provided by the Vienna Convention on the Law of the Treaties.

[50] M. Handler / B. Mercurio, "Intellectual Property", in: S. Lester / B. Mercurio (eds.), Bilateral and Regional Trade Agreements, Cambridge University Press, 2009, pp. 308-341, esp. 309.

[51] "With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members"

[52] "Exempted from this obligation are any advantage, favour, privilege or immunity accorded by a Member: (a) deriving from international agreements on judicial assistance or law enforcement of a general nature and not particularly confined to the protection of intellectual property; (b) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorizing that the treatment accorded be a function not of national treatment but of the treatment accorded in another country; (c) in respect of the rights of performers, producers of phonograms and broadcasting organizations not provided under this Agreement; (d) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPS and do not constitute an arbitrary or unjustifiable discrimination against nationals of other Members".

[53] X. Seuba Hernandez, "Health Protection in the European and Andean Association Agreement", *HAI Europe/AIS Latinoamerica & Caribe Publication*, 2008, pp. 20-22.

15. Finally, it is worth mentioning that some EU's FTAs include provisions with NT and MFN principles[54]. These clauses can also be found in some of the FTAs concluded by Vietnam[55].

The objective of the first category of provisions is to make clear that national treatment of the nationals of the other party is not subject to any conditions and that the only applicable exceptions are those provided for in arts 3 and 5 TRIPS.

Thanks to the second, nationals of either Party can benefit from the advantages, favours, privileges or immunities granted by other Parties of the FTA *to national of third countries*, subject to the exceptions provided for in arts. 4-5 TRIPS.

The lack of NT clauses in the EU-Korea FTA and the EU-CARIFORUM EPA do not have any consequence due to the existence of the same clause in TRIPS. The lack of MFN clauses in these FTAs means that the Parties to these agreements are not oblige to accord national of the other Party the advantages granted to national of third parties. However, once implemented in national legislation, nationals from the other Parties will benefit from those advantages thanks to the NT clause.

[54] Arts. 198-199 EU-CP TA and 230 EU-CA AA.

[55] National Treatment is provided in Art. 3 US-Vietnam FTA and Art. 4 ASEAN-AU-NZ FTA. In the Swiss-Vietnam FTA and Japan-Vietnam EPA there are provisions on NT and MFN.

CHAPTER II
CONTENT OF THE IPR CHAPTER OF A HYPOTHETICAL FTA BETWEEN VIETNAM AND THE EU – IMPLICATIONS FOR VIETNAM IPR SYSTEM

I. INTRODUCTION

1. The first chapter has focused on the justification of the inclusion of an IPR Chapter in a hypothetical FTA with the EU and on the international regulatory framework in which the negotiation of such an agreement will take place.

Having explained both aspects, this second chapter has two objectives:

a) To determine the hypothetical content of such Chapter by identifying common IPR provisions that exist in previous FTAs concluded by the EU. It is presumed that it will be the objective of the EU to negotiate the inclusion of similar provisions in a future FTA with Vietnam.

b) To determine the implications that the adoption of a Chapter with that content may have on Vietnam's IPR system.

2. For the first objective, particular attention will be placed on the following FTAs: EU-CARIFORUM EPA, EU-Korea FTA, EU-CP TA, EU-CA AA. The reason to concentrate exclusively in these agreements is that they are the most recent ones and that they have been adopted after the publication of the IPR Enforcement Strategy. An extra reason is that, apart from the EU-Korea FTA, they have been concluded by developing countries like Vietnam.

Broadly speaking it can be affirmed that the IPR Chapters have a similar structure and they deal with the same list of issues. However, the content of the provisions differ from one agreement to another although divergences are less notorious in provisions dealing with enforcement.

Attention will also be paid to ACTA. While it has not been adopted yet – the EU is in the process of doing so – it is assumed that the ACTA standards will become a *de facto* multilateral norm that third countries would be asked to meet, either formally through joining ACTA, or as part of bilateral agreements[56]. Therefore, it is not unrealistic to think that in future FTAs, provisions on IPR enforcement would ask for ratification of ACTA or would be modelled in accordance with its provisions.

3. For the second objective, a comparison will be made between the common IPR provisions identified in the FTAs and the provisions in Vietnam's IPR laws in the same field. In particular, attention will be paid to the following instruments:

---

[56] DG for External Policies, Policy Department, *The Anti-Counterfeiting Trade Agreement (ACTA). An Assessment*, 2011, p. 9 – 11.

a) in general: arts. 736 – 759 of the Civil Code (CC)[57] and the Intellectual Property Law (IPL)[58].

c) in the field of industrial property rights: Decree 103/2006 detailing and guiding the implementation of the Intellectual Property Law regarding Industrial Property (D. 103/2006)[59] and Circular 01/2007 guiding the implementation of Decree 103/2006 (C 1/2007) [60].

d) in the field of copyright and related rights: Decree 100/2006 detailing and guiding the implementation of a number of articles of the Civil Code and the Intellectual Property Law regarding copyright and related rights (D. 100/2006)[61].

e) in the field of plant varieties: Decree 104/2006 detailing and guiding the implementation of the Intellectual Property Law regarding rights to plant varieties (D. 104/2006)[62].

f) in the field of enforcement: the Criminal Code (Crim C.); the Civil Procedure Code 2004 (CPC)[63]; the Customs Law[64]; Decree 105/2006 detailing and guiding the implementation of the Intellectual Property Law on the protection of intellectual property rights and on the State management of intellectual property[65] (D. 105/2006), Decree 97/2010 on sanctioning of administrative violations of industrial property (D. 97/2010); Law on Information Technology (ITL)[66].

f) in the field of technology transfer: Law on Technology Transfer (TTL)[67].

These regulations have been gradually revised and updated in response to commitments assumed by Vietnam in international multilateral and bilateral agreements and the considerable pressure of Vietnam's main trade partners[68].

For the purpose of a better understanding of these regulations and its application in practice, attention will also be paid to the few studies on Vietnam IPR System that exist in English[69] and the opinion of practitioners and officials which have been interviewed for this Report.

---

[57] No. 33/2005/QH11 of 14 June 2005.

[58] No. 50/2005/QH11 of 29 November 2005, revised by the Law Amending and Supplementing a number of articles of the Law on Intellectual Property (No 36/2009/QH12) established by the Order No. 12/2009/L-CTN of June 29, 2009.

[59] Decree No. 103/2006/ND-CP of September 22, 2006, detailing and guiding the implementation of the Intellectual Property Law regarding Industrial Property (amended and supplemented by Decree No. 122/2010/ND-CP of 31 December 2010).

[60] Circular No. 01/2007/TT-BKHCN of February 14,2007, guiding the implementation of the Government's Decree No. 103/2006/ND-CP (amended and supplemented by Circular No. 13/2010/TT-BKHCN of 30 July 2010 and Circular No. 18/2011/TT-BKHCN of 22 July 2011)..

[61] Decree No. 100/2006/ND-CP of September 21,2006, detailing and guiding the implementation of a number of articles of the Civil Code and the Intellectual Property Law regarding copyright and related rights.

[62] Decree No. 104/2006/ND-CP of September 22,2006, detailing and guiding the implementation of the Intellectual Property Law regarding rights to plant varieties.

[63] No. 24/2004/QH11 of June 15, 2004.

[64] Arts. 57 – 59.

[65] Decree No. 105/2006/ND-CP of September 22,2006, detailing and guiding the implementation of the Intellectual Property Law on the protection of intellectual property rights and on the State management of intellectual property, amended by Decree 119/2010/ND-CP of 31 December 2010.

[66] No. 67-2006-QH11. In particular arts. 16 to 20.

[67] No. 80/2006/QH11.

[68] Y. Heo / T. N. Kien, "Vietnam's…", p. 74.

[69] In particular, Y. Heo / T. N. Kien, "Vietnam's…", p. 74.

While the existing legislation in Vietnam constitutes a significant step forward in the protection of IPR, in the opinion of academics, practitioners and representatives of the business sector certain deficiencies remain and certain aspects of the regulation do not comply with TRIPS[70].

4. To facilitate the reading of this chapter, it has been divided into four sections: a) objectives, general obligations and principles; b) substantive protection; c) enforcement; d) technology transfer. Furthermore, each section is divided in two subsections: one where common features of IPR provisions in FTAs are identified and another where the implication of that particular commons feature may have in Vietnam's IPR System.

II. OBJECTIVES, GENERAL OBLIGATIONS AND PRINCIPLES

1. Common Provisions in EU's FTAs

5. It is common to all EU's FTA to open the IPR Chapter with a section on "objectives", "nature and scope of the obligations" and "general principles". It is also usual to find among these opening provisions a reference to the exhaustion of rights.

6. ***Objectives***[71]. Surprisingly, the objectives of the chapters on IPR in the FTAs are partly different, something that can be explained by the different level of economic development of each EU's partner.

On the one half, the objectives in the EU-Korea FTA are: a) to achieve and adequate and effective level of protection and enforcement of IPR; b) to facilitate the production and commercialisation of innovative and creative products in the Parties.

On the other half, the other three FTA provide for a) the achievement of an adequate and effective level of protection and enforcement of IPR; b) and the promotion and encouragement of technology transfer between both parties. The EU-CA AA and the EU-CARIFORUM EPA go even further. The first provides for a third objective consisting on the promotion of technical and financial cooperation in the area of IPR. In the EU-CARIFORUM EPA provisions on IPR are included in a chapter on "Innovation and intellectual property". This implies that objectives are higher in number in so far as they encompass both areas.

7. ***General obligations***[72]. In order to attain the abovementioned objectives, the FTAs oblige the Parties to implement the IPR chapters of the FTA, the TRIPS and international IPR treaties to which they are parties.

---

[70] WTO, *Vietnam Review …,* at 14. Y. Heo / T. N. Kien, "Vietnam's…", p. 77. During the interviews carried out for the drafting of this Report, practitioners also mention deficiencies in particular in relation to registration procedures and enforcement. These opinions are not share by M. P. Nguyen, M. P. Nguyen, "Impact of the IP System on Economic Growth – Vietnam", in: WIPO, *IP in Asian Countries: Studies on Infrastructure and Economic Impact*, 2009, p. 115. According to Eurocham's *2011 White Book (Trade/Investment Issues and Recommendations)*, one of the five core issues for 2011 was "protecting and enforcing more efficiently IPR" (p. 6).

[71] Arts. 195 EU-CP TA, 228 EU-CA AA, 10.1 EU-Korea FTA, 132 EU-CARIFORUM EPA.

[72] Arts. 196 EU-CP TA, 229 EU-CA AA, 10.2 EU-Korea FTA, 139 EU-CARIFORUM EPA.

When establishing the objective of strengthening IPR protection, FTAs provides a definition of IPR that covers categories which are not included in TRIPS. While definitions are very similar and they all cover plant variety rights, minor changes do exist[73].

Only the EU-CARIFORUM EPA includes a "*national conformity clause*" – "parties shall be free to determine the appropriate method of implementing the provisions of this Section within their own legal system and practice". A similar provision is not found in the other FTAs, but it should be recalled that a "*national conformity clause*" can be found in Arts. 1.1 and 41.5 TRIPS[74].

8. *General principles*[75]. All the FTAs include a recognition of the importance of the *Doha Declaration on the TRIPS Agreement and Public Health* for the interpretation and implementation of the rights and obligations deriving from the FTA's IPR provisions[76]. Furthermore, they also include a reference to the *Decision on the Implementation of Paragraph 6 of the Doha Declaration* and the *Protocol amending the TRIPS Agreement*[77].

The EU-CP TA and the EU-CARIFORUM EPA refer to the power of the Parties to adopt measures necessary to protect public health and nutrition or to prevent the abuse of IPR by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology. This is taken from Art. 8 TRIPS, thus, the fact that similar provisions are not included in the other two treaties should not have any consequence[78].

Due to the fact that the parties to the EU-CARIFORUM EPA, the EU-CP TA and the EU-CA AA are developing countries, these treaties include other principles which should provide some flexibility on the implementation of the IPR Chapters in their national legislation. For instance, when the objectives of the IPR provisions are listed, in the EU-CA AA it is said that the ensuring of IPR protection should be attained "taking into account the economical situation and the social or cultural need of each Party". In the EU-CP TA, such objective shall

---

[73] For instance, the definition of IPR in art. 196.5 EU-CP TA includes trade names "in so far as these are protected as exclusive property rights in the domestic law concerned'; in art. 139.3 EU-CARIFORUM EPA, "patents for bio-technological inventions" and "protection of data bases" (presumably including the sui generis right in non-original data bases); and in art. 229.2.c) EU-CA AA "geographical indications, including designations of origin".

[74] Although it is not a common characteristic of the FTAs, it is worth mentioning that some of them provide for different deadlines for the implementation of the IPR Chapter: for instance, CARIFORUM states are required to comply with its obligations before 1st January 2014 or even later for least developed countries; Korea has until 2013 to comply with certain provisions on copyright (art. 10.14 EU-Korea FTA).

[75] Art. 197 EU-CP TA. In the rest of the FTAs, those "general principles" are disseminated in different provisions of a section entitled "Objectives and principles", "General Provisions" or "Principles".

[76] While in EU-CP TA and EU-CA AA the Declaration should guide the implementation of provisions related to all categories of IPR, in EU-CARIFORUM EPA and EU-Korea FTA its application is limited to patents.

[77] While in the EU-CARIFORUM EPA the parties "agree to take the necessary steps to accept the Protocol", in the other treaties the parties "shall contribute to the implementation and respect". It can be argued that the obligation for CARIFORUM states is stronger that for the rest of EU's partners. However, it is difficult to sustain that the terms "shall contribute to the implementation and respect" do not imply that countries are bound to ratify it.

[78] With one exception: while art 8 TRIPS states that such measures "shall be consistent with the provisions of this Agreement", this condition is not included in EU-CARIFORUM EPA and EU-CP TA.

"contribute to transfer and dissemination of technology and favour social and economic welfare and the balance between the rights of the holders and the public interest" – this is taken from Art. 7 TRIPS. Finally, in the EU-CARIFORUM EPA it is said, that "an adequate and effective enforcement of IPR should take account of the development needs of the CARIFORUM states".

9. ***Exhaustion of rights***[79]**.** It is common to all the treaties to provide a rule on this issue similar to the one established in art. 6 TRIPS: the Parties shall be free to establish their own regime for the exhaustion of IPR. Although the EU-CARIFORUM EPA does not say anything about it, due to art. 6 TRIPS the regime is exactly the same. Therefore, parties to FTAs can choose among the national, regional or international exhaustion of rights.

2. Implications for Vietnam's IPR System

10. Up to now, the FTAs concluded by Vietnam refer to one and exclusive objective: to provide an "adequate an effective protection and enforcement of IPR". The ASEAN-AU-NZ FTA is the only one that makes references to other objective: the effective and adequate creation, utilisation of IPR.

Besides this, these treaties include certain general principles to guide its implementation and interpretation[80]. However, they are not as comprehensive as those provided by EU's FTAs.

11. The content of provisions in FTAs related to "objectives", "nature and scope of the obligations" and "general principles" are useful for at least two important reasons: a) in case of discrepancies on the meaning of the treaty provisions, these objectives and general principles should give interpretation criteria; b) the should provide some flexibility to the Parties when implementing the obligations of the IPR Chapter into national legislation in order to adapt them to their specific needs[81].

As it will be further explained in chapter III, while the strengthening of IPR protection certainly has benefits for developing countries, a level of IPR protection that is not in accordance with the socio-economic situation of a country can be counterproductive. For that reason, the more flexibility for the implementation of IPR provisions in FTAs the better for developing countries like Vietnam.

---

[79] Arts. 200 EU-CP TA, 232 EU-CA AA, 10.4 EU-Korea FTA. The EU-CARIFORUM EPA does not include a provision on this issue.

[80] The US-Vietnam BTA states that "the parties recognise the underlying public policy objectives of national systems for the protection of IPR, including developmental and technological objectives, and ensure that measures to protect and enforce IPR do not themselves become barriers to legitimate trade (art. 1). The ASEAN-AU-NZ FTA makes reference to the need of "taking into account the different levels of economic development and capacity and differences in national legal systems and the need to maintain an appropriate balance between the rights IPR owners and the legitimate interests of users" (art. 1). The ASEAN Agreement on IP states that Member States shall respect "the adoption of measures necessary for the protection of public health and nutrition and the promotion of the public interests in sectors of vital importance to the Member State's socio economic and technological development, which are consistent with their international obligations".

[81] X. Seuba Hernandez, "Health Protection…", p. 14-15.

Having this in mind, Vietnam should pay great attention on the drafting of these provisions. The inclusion of objectives and general principles similar to those of the EU-CP TA, the EU-CA AA or the EU-CARIFORUM EPA would be highly beneficial.

In fact, Vietnam may ask for the inclusion not only of principles which are of relevance for developing countries in general but for principles which are important to its particular socio-economic circumstances. Just as an example, the EU-CP TA refers to general principles which are of particular relevance for Peru and Colombia – access to medicines (art. 197.1) the importance of promoting the implementation of *Resolution WHA 61.21 Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property*[82] (art. 197.4) – and the EU-CA AA is the only one that includes the promotion of technical and financial cooperation in the area of IPR as an objective as such.

Vietnam should also decide whether to include or not an obligation to ratify the Decision on the Implementation of Paragraph 6 of the Doha Declaration and the Protocol amending the TRIPS Agreement. It should be recalled that the applicability of this Decision is viewed with scepticism by developing countries, academics and NGOs[83]. In the *Review of Vietnamese Legislation before the TRIPS Council* (the WTO Review), the Vietnamese representative said that Vietnam was studying the possibility to ratify it. At the moment of drafting this Report, that ratification had not taken place[84].

12. In order to reflect these principles when implementing the IPR provisions, Vietnam should make use of measures such as those in art. 7 IPL[85], exceptions and limitations to the exclusivity rights, and the exhaustion of rights.

In relation to this latter issue, FTAs concluded by Vietnam do not include any specific obligation. According to art. 125.2 b) IPL, Vietnam has adopted the principle of international exhaustion of rights. Even more, rights are exhausted when the products are put on the market not only under the consent on the right holder but also in the framework of a compulsory license[86]. Scholars

---

[82] Adopted by the World Health Organisation, available at http://apps.who.int/gb/ebwha/pdf_files/A61/A61_R21-en.pdf

[83] X. Seuba Hernandez, "Health Protection...", p. 32

[84] "Viet Nam supports the work of developing intellectual property policy and strategy for public health ... Viet Nam is now studying the possibility of implementing the relevant procedures for ratifying the Protocol on Amending the TRIPS Agreement regarding Article 31bis..." (WTO, *Vietnam Review...*, at 29). Status of ratification is available at http://www.wto.org/english/tratop_e/trips_e/amendment_e.htm

[85] Art. 7.2 IPL states "the exercise of IPR must neither be prejudicial to the State's interests, public interests, legitimate rights and interests of other organisations and individuals, nor violate other relevant provisions of law"

Art. 7.3: "where the achievement of defense, security, people's life-related objectives and other interests of the State and society specified in this Law should be guaranteed, the State may prohibit or restrict the exercise of IPR by the right holder or compel the licensing by the holders of one or several of their rights to other organisations or individuals with appropriate terms"

The EU expressed its concerns about this provisions in WTO, *Vietnam Review...*, p. 8-9. Vietnam explained that both provisions are compatible with TRIPS. Article 7(3) stipulates clearly that the exercise of the State's authority shall be "subject to appropriate conditions", and Article 7(3) also specifies clearly that the State only has power to interfere in such circumstances that are "stipulated in this Law".

[86] IPR holders shall not have the right to prevent others from performing the following acts: "circulating, importing, exploiting utilities of products having been lawfully put on the market, including overseas markets, except for products put on the overseas markets not by the mark owners or their licensees".

sustain that this is the best option for enabling parallel importation, because it allows the control of the cost of pharmaceutical products and facilitates access to medicines. However, it could also become a deterrent to pharmaceutical investment in countries that have adopted the doctrine and provoke manufacturers to move towards a single global price for their products which would most likely be set at a price that the market can bear in the wealthier countries[87].

III. SUBSTANTIVE PROVISIONS ON IPR PROTECTION

13. It is common to the four FTAs to include provisions on the different IPR categories included in TRIPS. Furthermore, the treaties include provisions on plant varieties and genetic resources, traditional knowledge and folklore.

A. Patents

1. Common Provisions in EU's FTAs

14. Patents are governed by arts. 27 to 34 TRIPS. Provisions in FTAs concerning patent are not numerous. They do not deviate much from what is established in arts. 27-34 TRIPS[88]. However, they do provide for some TRIPS-plus/-extra obligations. Besides the provisions on plant varieties – which will be analysed in the following section, they include obligations related to the compliance of some international agreements and to the protection of test data and the extension of the term of protection of patents for pharmaceutical and agricultural products.

15. ***International treaties***[89]. The EU's FTAs include a common list of treaties in the field of patents which the EU's partners shall comply with, accede, or make efforts to accede. A common obligation to "comply with" or "accede to" the Budapest Treaty[90] and the PCT[91] exists in all the FTA. However the obligations in relation to the Patent Law Treaty are different from one treaty to another[92].

Furthermore, art. 21 D. 103/2006 states: "products lawfully put on the market…includes products already put on overseas market by owners, licensees, including licensees under compulsory licensing decisions, or persons with the right to prior use of IPR objects".

[87] X. Seuba Hernandez, "Health Protection..", p. 27-29.

[88] It should be recalled, that the section on patents was one of the most difficult to negotiate (D. Gervais, *The TRIPS Agreement – Drafting History and Analysis, London*, Sweet and Maxwell, 1998, p. 147).

[89] Arts. 230 EU-CP TA, 147 EU-CARIFORUM EPA, 258 EU-CA AA, 10.33 EU-Korea FTA

[90] An obligation to "comply with" the Budapest Treaty on the International Recognition of the Deposit of Microorganisms is established in EU-CP TA (but only for arts. 2 to 9) and EU-CA AA. In EU-CARIFORUM EPA, the obligation to "comply with" only exists for the EU. CARIFORUM states' commitment is to "accede to" that Treaty. Korea is a party to it so the absence of the obligation in the FTA does not have any consequence.

[91] In the EU-CARIFORUM EPA the EU shall comply with it and the CARIFORUM states accede to it. The Treaty is not mentioned in the other FTAs probably because all EU's partners are party to it.

[92] In relation to the Patent Law Treaty, the EU is oblige to "comply with" it in the EU-CARIFORUM EPA, and to "make all reasonable effort to comply with" it in EU-CP TA, EU-CA AA and EU-Korea FTA (in the latter only in relation to arts. 1 to 16). EU's partners are bound to

16. ***Patent term extension***. There are not common provisions on this issue. The EU-CP TA and the EU-Korea FTA[93] provide for the extension of the duration of the term of patent protection up to five years in order to compensate the pharmaceutical patentees for any reasonable delay caused by the national drug regulatory authorities in examining an application for registration or from a patent office in assessing the application for a patent. However, while the provision in the EU-Korea FTA is compulsory, in the EU-CP TA it is optional for the Parties to adopt these measures[94]. In the case of the EU-CARIFORUM EPA and the EU-CA AA no obligation on patent term extension is established.

17. ***Protection of test data***. Again, there are no common provisions in the EU's FTAs concerning the protection of data related to safety and efficacy submitted to national authorities for approval of the marketing of pharmaceutical or agricultural chemical products.

In the EU-CP TA and the EU-Korea FTA[95], an exclusivity period of 5 years for pharmaceutical products and 10 years for chemical agricultural products is granted to the first applicant of marketing authorisation. However, there are several differences between both treaties. Just to mention two of them: a) in the EU-CP TA it is established that, in the absence of specific legislation, protection of the exclusivity right on data tests in Peru shall be granted against disclosure and the practices that are contrary to honest commercial practices, in accordance with art. 39.2 TRIPS; b) while in the EU-Korea FTA the only exception to the exclusivity right is the use by a person who can prove the "explicit consent of the marketing authorisation holder", in the EU-CP TA the parties have the option to include additional exceptions for reasons of public interest, situations of national emergency or extreme urgency.

The EU-CA AA and the EU-CARIFORUM EPA do not include similar provisions. The exclusive obligation of EU's partners in these treaties is to protect test data by the rules on unfair competition in accordance with Art. 10bis PUC (art. 39.2 TRIPS). Protection against unfair competition does not imply granting periods of exclusivity[96]

2. Implications for Vietnam's IPR System

18. Patents are governed by arts. 750-753 CC and art. 50-62 IPL. These provisions are further developed in D. 103/2006. It is sustained that these provisions are TRIPS-compliant.

"make all reasonable efforts to accede" to the PLT except for Korea who must "make all reasonable efforts to comply with" and the CARIFORUM states which "shall endeavour to accede to" the Treaty. It should be noted that this latter obligation in weaker that the one assumed by the rest of EU's partners.

[93] Arts. 230.3 and 4 EU-CP TA, 10.35 EU-Korea FTA

[94] The EU-Korea FTA states that the parties shall provide, at the request of the patent owner, for the extension of the duration of the rights up to five years. The EU-CP TA exclusively obliges parties to "make its best efforts to process … applications expeditiously with a view to avoid unreasonable delays" and states that parties "may… make available a mechanism to compensate the patent owner".

[95] Arts. 231 EU-CP TA, 10.36 and 10.37 EU-Korea FTA.

[96] X. Seuba Hernandez, "Health Protection…", p. 35.

19. Vietnam is party to the PCT[97] so a hypothetical FTA with the EU may include either a provision obliging Vietnam to "comply with" this treaty or nothing might be mentioned.

In relation to the Budapest Treaty, Vietnam has already assumed the obligation to "make best endeavours to adhere" to it in the Swiss-Vietnam Agreement[98]. Since all the EU's FTAs contain an obligation to comply with or to accede to it, it is presumed that EU will also ask Vietnam to accede to it. As a consequence certain adaptation of Vietnam's domestic legislation will be needed to comply with the treaty.

Vietnam is not a party to the PLT. It is presumed that EU will ask Vietnam to "make all reasonable efforts to accede" to it[99].

20. The regulation of patents for pharmaceutical and agricultural chemical products is particularly sensitive in so far as the higher the level of protection granted the higher the price of these products and the tougher for manufacturers of generic to access the market. As explained in chapter III, this may constitute a serious obstacle to access to essential medicines for citizens of developing countries.

As previously mentioned, there are not common provisions in EU's FTAs concerning patent term extension and protection of test data. In any case, Vietnam already provides for protection of these data as business secrets during the 5 years following the date of granting of the authorisation for marketing against public disclosure, use for unfair commercial purposes, and use for applying for a license of marketing the products. Exceptions are provided for disclosure of test data in order to protect the public and its use for non-commercial purposes[100].

Vietnam legislation does not include provisions on the extension of the term of protection. However, it should be recalled that only the EU-Korea FTA provides for this.

Having all these elements in mind, it can be affirmed that a hypothetical FTA with the EU will not obstacle the mechanisms that presently exist in Vietnam legislation to facilitate access to medicines or to promote any other public interest involving patent protection – e.g. the promotion of research in the agricultural sector.

---

[97] Specific provisions to comply with obligations under these treaties are established in D. 103/2006 (art. 12)

[98] Another treaty that is mentioned in Vietnam's FTAs is the Strasbourg Agreement on the international patent classification system: Art. 2 Japan-Vietnam EPA obliges the parties to use it. The EU's FTAs does not include any obligation in relation to this treaty.

[99] It should be recalled that PLT aims at harmonising formal requirements for applying, obtaining and maintaining patents (e.i. required data, application form and content, simplifying possible requirements, and, strengthening applicant's position so as to avoid application rejection due to formal reasons). Vietnam would be required to adapt its domestic legislation on registration (art. 102, to the requirements established in the Treaty.

[100] Art. 128.1 IPL, art. 125.3 and art. 3 Decree 120/2005/ND-CP of 30 September, 2005 providing administrative violation handling in competition. The Health Ministry and the Agriculture and Rural Development Ministry assume the prime responsibility in guiding the keeping of confidentiality of test data (art. 20 D. 103/2006). These measures were adopted following the conclusion of the US-Vietnam FTA where an obligation to protect test data is established. The US has recently stated that Vietnam should "clarify its system for protecting against unfair commercial use, as well as unauthorized disclosure, of undisclosed test and other data generated to obtain marketing approval for pharmaceutical products" (US Special 301 Report, pp. 41-42).

B. Plant Varieties

1. Common Provisions in EU's FTAs

21. The only reference to plant varieties in TRIPS is found in Art. 27.3, where an obligation to protect this subject matter by patents, by a *sui generis* right or by both is established.

Having specific legislation in this field[101], one of the purposes of the EU in its bilateral negotiations is to increase the protection of plant varieties in the territory of their partners. For that purpose, the EU has tried to impose their accession to the International Convention for the Protection of New Varieties of Plants of 1991 (UPOV). This convention is considered an effective *sui generis* system in the sense of art. 27.3 by the EU – and the US as well. However, the EU has only attained its purpose in the EU-Korea FTA (art. 10.39)[102]. This is the only treaty where a TRIPS-extra obligation is established.

With the exception of the EU-Korea FTA, the FTAs make an explicit reference to the so-called "farmer's privilege" or the exception to the exclusive right of plant breeders "to allow farmers to save, use and exchange protected farm-saved seed or propagating material"[103]. In the EU-CP TA a reference is made to Art. 15.2 UPOV that contains the exception but in a more restricted way[104]. In particular it does not authorise farmers to exchange seeds with other farmers for propagating purposes, but merely authorises them to save and use seeds for propagating purposes on their own holdings within certain limits and subject to the safeguarding of the legitimate interests of the breeder.

2. Implications for Vietnam's IPR System

22. Plant variety rights are relevant for developing countries with a strong agricultural sector and great biodiversity. However, some of them look with scepticism to IPR protection on the belief that plant variety right would enable multinational corporations to monopolise the market of new plant varieties that are derived from original plants through biotechnological processes.

---

[101] Regulation 2100/94 on Community Plant Variety Right.

[102] While in EU-CA AA there is not a reference to the Convention, in the other two treaties the parties obliged themselves to "consider acceding" (art. 149 EU-CARIFORUM EPA) or to "cooperate to promote and ensure the protection of plant varieties based on the" UPOV Convention 1991 (art. 232 EU-CP TA). In the EU-CA AA, Art. 259.1 only refers to the "obligation to protect plant varieties either by patents or by an effective *sui generis* system or by any combination thereof". It is worth mentioning that Colombia is party to UPOV 1978 and Peru to UPOV 1991. In relation to the EU-CA AA, only Panama, Costa Rica and Nicaragua are parties to the Convention. In relation to the EU-CARIFORUM EPA just Dominican Republic and Trinidad and Tobago have acceded to the Convention so far.

[103] Art. 149.1 EU-CARIFORUM EPA and 259.3 EU-CA AA. This exception allows farmers who have purchased a seed of a protected variety to save seeds from the resulting harvest for planting in the subsequent season as well as to exchange those seeds with other farmers without risk of being sued by the IPR holder.

[104] Art. 232.

Vietnam has adopted a different approach. The country is party to UPOV 1991 since 2006[105] and there is extensive domestic legislation to ensure an effective protection of plant varieties[106]. Furthermore, pursuant to Art. 7.2.c) US-Vietnam BTA, Vietnam is obliged to protect under patent law plenty of categories of plant varieties which are excluded from protection under the UPOV[107].

It should also be recalled that on May 2011 Vietnam's authorities signed a Memorandum of Understanding (MoU) with the EU Community Plant Variety Office with the aim of strengthening the co-operation in this important sector for the development of Vietnam[108].

Having these elements into account, Vietnam seems to be in a position to assume obligations in this field similar to those established in the strictest EU's FTA. In fact, it is considered that the legislative efforts undertaken in Vietnam have provided the country with what might be considered in the western world a "modern" innovation system[109].

Once Vietnam is party to UPOV 1991, there is no possibility to opt for the more flexible regulation of "farmer's privilege" provided for in the EU-CA AA and the EU-CARIFORUM EPA[110]. This is considered as detrimental for certain authors who understand that the existing legal framework results in "excessive levels of legal restrictions on access to fundamental agricultural research inputs, including plant genetic resources for food and agriculture. A key issue revolves around the question of whether they will ultimately encourage agricultural research for the benefits of the majority of the Vietnamese farmers and consumers"[111].

Furthermore, it is sustained that the obligation in the US-Vietnam BTA "impedes the adoption of patent-related measures to safeguard nutrition and food security" even when these measures can be justified in the objectives of art. 8.1 TRIPS[112].

C. Trademarks

---

[105] The US-Vietnam BTA and the Japan-Vietnam EPA both provide for the ratification of UPOV.

[106] Arts. 750-753 CC, arts. 157-197 IPL, and D. 104/2006. The Agricultural and Rural Development Ministry and the Plant Variety Protection Office are the entities in charge of the administration of this right.

[107] "The exclusion [from patentability] for plant varieties is limited to those plant varieties that satisfy the definition provided in Article 1(vi) of the UPOV Convention (1991). The exclusions for plant and animal varieties shall not apply to plant or animal inventions that could encompass more than one variety. Viet Nam must also provide patent protection on all forms of plants and animals that are not varieties, as well as on inventions that encompasses more than one variety."

[108] http://eeas.europa.eu/delegations/vietnam/press_corner/all_news/news/2011/20110519_en.htm

[109] C. Chiarolla, *Intellectual Property and Environmental Protection of Crop Biodiversity under International Law* (Ph. D), Centre for Commercial Law Studies, School of Law, Queen Mary University of London, December 2009.

[110] It is sustained that seed exchange among farmers – something that is allowed under the EU-CA AA and the EU-CARIFORUM EPA but not in UPOV 1991 – is important for purpose of food security and crop and variety rotation, something that is considered a wise practice for many reasons, disease avoidance being one of them (E. Bonadio, "IP Provisions on the EU-Central America Association Agreement and development issues", JIPLP, 2011, vol 6, num. 1., p. 19.)

[111] C. Chiarolla, *Intellectual Property …, p. 239.*

[112] C. Chiarolla, *Intellectual Property …, p. 239.*

1. Common Provisions in EU's FTAs

23. Trademark regime in TRIPS is to be found in arts. 15 – 21. The FTAs concluded by the EU complement this regime with provisions on international agreements, registration procedure, well-known trademarks and exceptions to the rights.

24. ***International Agreements***[113]. There are not common provisions concerning the international agreements on trademarks. All the FTAs refer to the Madrid Protocol[114], but an obligation to accede only exist for the EU and Colombia and in a 10-year term.

In relation to the Trademark Law Treaties 1994 and 2006, the FTAs contain obligations to "make all reasonable efforts to comply with" it – for Parties which are already party to the treaty, "make all reasonable efforts to adhere" to it or "endeavour to accede". Some FTAs do not even mention one of both treaties.

Finally, an obligation to "use the classification established in the Nice Agreement Concerning the International Classification of Goods and Services" is only established in the EU-CP TA[115].

25. ***Registration procedures***[116]. Arts. 62 (in general) and 15 (for trademarks) TRIPS contain specific provisions on procedures for registration of IPR.

In particular, art. 15.5 states that members *may* provide for opposition procedures. This is turned into an obligation in EU's FTAs.

In addition, it is established that registration procedures shall provide for a system where the refusal to register a trademark shall be duly reasoned and communicated in writing to the applicant who will have the opportunity to contest such refusal and to appeal a final refusal before court.

The EU-Korea FTA, the EU-CARIFORUM EPA and the EU-CP TA also include an obligation for the parties to establish a public available electronic data base of applications and registrations.

26. ***Well-known trademarks***. All the treaties but the EU-Korea FTA include provisions on well-known trademarks to complement art. 16.2 TRIPS. However, the content of the provisions is very different so it cannot be said that there are common provisions in relation to this issue[117].

---

[113] Arts. 202 EU-CP TA, 238 EU-CA AA, 10.16 EU-Korea FTA, 144.E

[114] Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks

[115] Art. 204.1 EU-CP TA.

[116] Arts. 204.2 EU-CP TA, 144.A EU-CARIFORUM EPA, 239 EU-CA AA, 10.15 EU-Korea FTA.

[117] First, art. 205 EU-CP TA states an obligation to cooperate with the purpose of making protection of well-known trademarks effective pursuant to art. 6bis PUC and 16.2 and 3 TRIPS. Second, in art. 240 EU-CA AA, the obligation to apply Art. 6bis PUC to the protection of trademarks extends to well-known trademarks, including unregistered ones. Third, art. 144.B EU-CARIFORUM EPA recalls the obligation to apply the concept of well-known trademarks to service marks and the parties are asked to endeavour to apply the WIPO Joint Recommendation concerning provisions on the protection of well-know trademarks.

27.*Exceptions to the right conferred by a trademark*[118]. All the EU's FTAs include provisions that complement art. 17 TRIPS in relation to the adoption of exceptions to the trademark right. All the FTAs but the EU-CA AA oblige the parties to adopt a limited exception to the rights conferred by a trademark to allow the fair use of descriptive terms by third parties without the need of obtaining the consent of the right holder.

The EU-CARIFORUM EPA and the EU-CP TA[119] explicitly state that the use of geographical indications (GIs) identical or similar to previous trademarks is covered by the exception.

2. Implications for Vietnam's IPR System

28. Trademark protection is governed in Vietnam by arts. 750-753 CC, arts. 72 – 75 IPL apart from the provisions that apply in general to industrial property rights.

29. Vietnam is party to the Madrid Agreement and the Protocol and it has established specific provisions to implement the obligations under these treaties in D. 103/2006 (art. 12).

Vietnam is not a party to the TLT 1994 and 2006. However, the only obligation to EU's partners is to "make all reasonable efforts to adhere". Vietnam has already assumed this commitment in the Swiss-Vietnam Agreement. The adoption of the TLT may entail the need to adapt the rules on registration of trademarks (arts. 105, D. 103/2006).

Finally, in relation to the Nice Agreement, Vietnam is not a party to it and the EU's FTAs do not include a general obligation to ratify it. In any case, Vietnam has assumed an obligation to use the classification system of the Nice Agreement in the US-Vietnam FTA, the Japan-Vietnam EPA and the ASEAN-AU-NZ FTA.

30. In general terms, it can be affirmed that Vietnam legislation is consistent with the common provisions related to the *trademark registration procedures* established in EU's FTA.

Art. 112 IPL provides for the faculty of third parties to express opinions to the registration authority on the grant or refusal of trademark applications. It is assumed that such opinions may end up with the refusal of the registration, thus it can be affirmed that the provision comply with the EU's FTAs obligation to provide opposition procedures. In any case, Vietnam should make sure that such procedures are adversarial in accordance with art. 62 TRIPS[120].

---

[118] Arts. 206 EU-CP TA, 241 EU-CA AA, 144 EU-CARIFORUM EPA, 10.17 EU-Korea FTA.

[119] The EU-CP TA makes the use of the exception stricter because it only allows the use of "its own name and address, or descriptive terms concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or the rendering of the services or other characteristics of the goods or services". In addition, the EU-CP TA include the obligation to establish an addition exception to allow persons "to use the trademark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided that it is used in accordance with honest practices in industrial and commercial matters".

[120] According to the website *Helpline Law*, "Vietnam does not provide for an official opposition procedure. However, the owner of a trademark who discovers that his mark has been appropriated or a mark confusingly similar has been accepted for registration, can file an

Art. 110 IPL states that registration applications shall be published, once accepted, in the Official Gazette of IP. However, it shall be note that three EU's FTAs provide for the availability of those documents in a public electronic data bases. Vietnam has already assumed a similar obligation in the ASEAN-AU-NZ FTA. Despite the fact that it is not established in law, the Gazette in published in the NOIP web site thus it can be affirmed that Vietnam already complies with this obligation.

While it can be affirmed that Vietnam's legislation is consistent with the rest of obligations states in EU's FTAs and TRIPS concerning registration procedures, practitioners have denounced the existence of certain problems in practice.

First, the IPL states that marks shall be granted 6 months from the date of publication of the application (art. 119 IPL), however firms often have to wait more than a year to receive a certificate. During that period, the interests of rightholders are not protected. Eurocham has denounced that this does not seem to be in conformity with the obligation in art. 66.2 TRIPS to grant IPR within a reasonable period of time so as to avoid unwarranted curtailment of the period of protection[121]. Eurocham recommends the revision of the IPR legislation by giving specific regulation processing requests from trademark applicants being protected against arrogating and violating the IPR under consideration[122].

Second, Eurocham states that in opposition and cancellation proceedings, NOIP continues to issue very questionable decisions on whether one trademark infringes another and that it does not sufficiently consider evidence that a trademark application has been filed in bad faith[123]. While this constitutes a deterrent for foreign companies to invest in Vietnam it can also be an infringement of the obligation to adequately reason decisions provided in the FTAs and Art. 41.2 TRIPS[124].

31. In relation with the protection of well-known trademarks, the regulation in art. 75 IPL and 6.2 D. 103/2006 seem to be enough to meet the obligation in the FTAs.

32. Finally, in relation to the exceptions, art. 125.2 g) IPL states that the trademark holder cannot prevent the use in an honest manner of "people's names, descriptive marks of type, quality, quantity, utility, value, geographical origin and other properties of goods and services". Having in mind the relevance that the EU grants to the coexistence of GIs with previously protected trademarks, the provision seems to be in conformity with EU's FTAs.

D. Industrial designs

unofficial opposition. The submission to the NOIP must provide the reasons why opposition is sought, together with evidence to support the position". Available at http://www.helplinelaw.com/article/vietnam/391

[121] Eurocham, *White Book*, p. 43.

[122] Eurocham, *White Book*, p. 43.

[123] Eurocham, *IPR Position Paper* 2009, p. 1-2.

[124] It is recommended that NOIP should issue more reasoned opinions on "confusing similarity" in trademark opposition and cancellation proceedings. Such decisions should reflect in detail all relevant facts and circumstances so that the parties can understand the reasoning underlying the decision (Eurocham, *IPR Position Paper*, p. 2).

33. EU's FTAs include several provisions on industrial designs to supplement the regulation established in arts. 25-26 TRIPS. The provisions relates to international agreement in the field, requirements, scope and term of protection, exceptions to the right of exclusivity and the relation to copyright.

34. ***International agreements***. It is common to all the FTAs except the EU-Korea FTA, to oblige the parties to "make all reasonable efforts"[125] or to "endeavour"[126] to accede to the Geneva Act 1999 of the Hague Agreement[127].

35. ***Requirements for protection***[128]. The FTAs contain provisions on the requirements an industrial design must meet in order to be protected. Three provisions are shared by all of them; a) the exclusion from protection of designs dictated essentially by technical or functional consideration – while this exclusion is optional in art. 25.1 TRIPS, it is made compulsory in the FTAs; b) the protection shall be provided by registration; c) "a design shall not subsist in a design which is contrary to public policy or to accepted principles of morality"[129].

The FTAs establish other requirements that industrial designs must meet, but they are not uniform: one of them required the design to be new, other original, other new or original; at the same time, three of them require the design to have individual character but the EU-CP TA doesn't[130].

36. ***Scope of protection***. It is common to all the FTAs but the EU-CA AA to extent the category of acts covered by the "*ius prohibendi*" provided in art. 26 TRIPS. This provision grants the owner of a protected industrial design the right to prevent third parties from "making, selling or importing" articles bearing or embodying the design when such acts are undertaken for commercial purposes. The FTAs extend the *ius prohibendi* to acts of offering, stocking or using[131]. In addition to this, in all the FTAs but the EU-CP TA the *ius prohibendi* can be exercised not only when such acts are undertaken for commercial purposes – as established in art. 26.1 TRIPS – but also when they "unduly prejudice the normal exploitation of the design or are not compatible with fair trade practice".

37.*Term of protection*. There is not a common provision in this issue. While the EU-CP TA and the EU-CA AA provide for a minimum term of 10 years – likewise art. 26.3 TRIPS, the EU-Korea FTA increases that minimum to 15 years and the EU-CARIFORUM EPA states that the term of protection shall amount to at least 5 years with the faculty to renew it up to 25[132].

---

[125] Arts. 224 EU-CP TA, 251 EU-CA AA.
[126] Art. 146 EU-CARIFORUM EPA.
[127] Hague Agreement concerning the International Registration of Industrial Designs.
[128] Arts. 228.2 EU-CP TA, art. 146.C.2 EU-CARIFORUM EPA, 253 EU-CA AA, 10.31 EU-Korea FTA.
[129] Arts. 228 EU-CP TA, 146.C EU-CARIFORUM EPA, 253 EU-CA AA, 10.31 EU-Korea FTA. This is copied from art. 8 D. 98/71 on designs.
[130] Arts. 225 EU-CP TA, 146.B EU-CARIFORUM EPA, 252 EU-CA AA, 10.27 EU-Korea FTA.
[131] Arts. 226 EU-CP TA, 146.D EU-CARIFORUM EPA, 10.28 EU-Korea FTA. The extension of protection is based on Art. 19.1 R. 6/2002.
[132] Arts. 227 EU-CP TA, 255 EU-CA AA, 10.30 EU-Korea FTA, 146.E EU-CARIFORUM EPA

38. ***Exceptions***. All the treaties reproduce the faculty opened to the States in art. 26.1 TRIPS to adopt limited exceptions to the exclusivity right "provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties"[133].

39. ***Relation to copyright***. Finally, it is also common to all the FTA to include a provision that makes clear that the subject matter of protection of a design right can also be protected by copyright from the date on which the design was created or fixed in any form[134].

40. ***Other provisions***. The FTAs include other provisions in relation to industrial designs but it cannot be affirmed either that they are present in all the FTAs or that they share common features. The issues covered by those provisions are: protection of unregistered designs; protection of textile designs and grounds for refusal of registration.

2. Implications for Vietnam's IPR System

41. Protection of industrial designs is governed in Vietnam by arts. 750-753 CC and arts. 63 – 67 IPL apart from the provisions that apply in general to industrial property rights.

42. Vietnam is not a party to the Hague Agreement. However, EU's partners are only oblige to "make all reasonable efforts" to accede to the Agreement. In any case, this is an obligation that Vietnam has already assumed in the framework of the Swiss-Vietnam Agreement. If ratified, Vietnam would have to adapt its domestic legislation on registration requirements and procedure (art. 103 IPL and D. 103/2006).

43. In Vietnam, protection of industrial designs is granted by registration as far as the following *requirements for protection* are met: novelty, creativity and susceptibility of industrial application[135]. According to Art. 66 IPL, creativity exists when the design "cannot be easily created by a person with average knowledge in the art". According to Art. 67 IPL, susceptibility of industrial application means that the design "can be used as a model for mass manufacture of products with appearance embodying such industrial design by industrial or handicraft methods". It is doubtful whether this is consistently with the FTA where these conditions are not required. Furthermore, they are strange to EU Design Law.

Besides this, nothing is mentioned about the exclusion from protection of designs which are contrary to public policy or to accepted principles of morality. On the contrary, similar to the FTAs art. 64 IPL excludes for protection

---

[133] Arts. 228 EU-CP TA, 146.C EU-CARIFORUM EPA, 253 EU-CA AA, 10.31 EU-Korea FTA
[134] Arts. 229 EU-CP TA, 146.F EU-CARIFORUM EPA, 257 EU-CA AA, 10.32 EU-Korea FTA
[135] Art. 63.

appearance of a product which is dictated by the technical features of the product[136].

44. In relation to the *term of protection*, at present it is established in 5 years after the filing date[137] and may be renewed for two consecutive terms of 5 years. It should be recalled that the minimum terms established in the FTAs are 10 (EU-CP TA and the EU-CA AA), 15 (EU-Korea FTA) and 5 years with the possibility to renew up to 25 (EU-CARIFORUM EPA). It is difficult to assess whether Vietnam's regulation would be acceptable for the EU.

45. Finally, in relation with the *scope of protection*, art. 124.2 IPL and art. 20 D. 103/2006 grant the owner of the industrial design the right to prevent third parties from manufacturing, importing, circulating (selling and displaying for sale), advertising, offering and stocking for circulation products embodying an industrial design. While exporting is not mentioned in the list, in practice cases concerning this activity will be considered as infringement if that activity is supported by manufacturing, importing, circulating (selling and displaying for sale), advertising, offering and stocking for circulation products…. Therefore, Vietnamese regulation in this point is in conformity with EU's FTAs.

However art. 125.2.a) states that design owners shall not have the right to prevent others from "using designs… in service of their personal needs or for non-commercial purposes…". It should be recalled that the treaties oblige to extent the protection to acts which "unduly prejudice the normal exploitation of the design or are not compatible with fair trade practice".

E. Geographical indications

1. Common Provisions in EU's FTAs

46. While geographical indications (GIs) are a category of IP relatively new to most developing countries, it has a long tradition in Europe. GIs is one of the main priorities of the EU in international negotiations. It is a crucial aspect of its agricultural policy of sustaining the rural European economy.

Despite this relevance, the EU was not able to negotiate a level protection in TRIPS that fulfilled its expectations. Because of that, the EU is seeking to strengthen the protection of GIs provided in Arts. 22-24 TRIPS both in multilateral negotiations[138] and in its bilateral agreements[139], including the FTAs.

---

[136] This exclusion was established in the US-Vietnam FTA (Art. 10).

[137] Art. 93.4 IPL.

[138] Art. 23.4 TRIPS includes a mandate to undertake negotiations in the Council for TRIPS "concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system". "The Council for TRIPS shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of the WTO Agreement". In addition, Art. 24.1 states: "Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23". Such negotiations are also listed in the Doha Agenda.

[139] The EU has adopted several specific agreements on GIs with countries such as Mexico, Australia, South Africa, Switzerland or even the US.

The provisions in the FTAs aim to strengthen the protection of GIs by three different means: providing for mutual recognition of GIs; increasing the scope of protection; and facilitating cooperation among competent authorities in the field.

47.*Mutual recognition*. The EU-CP TA and the EU-Korea FTA provide for the mutual recognition and protection of each Party's GIs. For that purpose a list of GIs of each Party are included in an Annex to the FTAs. An examination of a summary of the specifications of the GIs in the list, and an objection procedure have been carried out before the ratification of the treaty[140].

Mutual recognition is also provided in the EU-CA AA[141]. However the list of GIs to be mutually recognised still needs to be completed by the Central American countries, through an opposition and examination procedures, and adopted by the Association Council. Art. 353.5 states that the Treaty will not enter into force with a country that has not provided such list.

The three treaties also provide for a procedure to add new GIs to the list of the Annex which will be automatically recognised by the other party[142].

The EU-CARIFORUM EPA does not provide a similar obligation. The reason seems to be that the CARIFORUM States do not have a system of protection of GIs. Therefore, the obligation assumed by the parties is to establish such a system and the submission of a list of prospective GIs originating in the CARIFORUM states within six months from the entry into force of the Agreement. The parties further agree to commence negotiations aimed at an agreement on the protection of GIs no later than 1 January 2014. Presumably such an agreement would establish a mutual recognition obligation[143].

48. ***Increased protection***. Broadly speaking the provisions of the FTAs provide for an extension of the protection provided for an extension of the protection granted to wines and spirits in TRIPS to GIs for agricultural products. GIs holders can prohibit: a) the use of any means in the designation or presentation of a good that indicates or suggest that the good in question originates in a geographical area other than the true place of origin in a manner which mislead the public as to the geographical origin of the good; b) any other use which constitutes an act of unfair competition; c) or the use of a GI identify a good for a like good not originating in the place indicated by the GI in question, even where the true origin of the good is indicated or the GI is used in translation or transcription or accompanied by expressions such as "kind", "style", "imitation" or the like[144]. Protection in the EU-CP TA goes even beyond[145].

Furthermore, while TRIPS conditions the refusal or invalidation of the registration of a trademark that conflicts with a previously registered GI to the fact that it "misleads the public as to the true place of origin", such requirement is deleted in the treaties[146].

---

[140] Arts. 209 EU-CP TA, 10.24-10.25 EU-Korea FTA.
[141] Art. 245.
[142] Arts. 209 EU-CP TA, 247 EU-CA AA, 10.24 – 10.25 EU-Korea FTA.
[143] Art. 145.A.
[144] Arts. 246 EU-CA AA, 145.B EU-CARIFORUM EPA, 10.21 EU-Korea FTA.
[145] Art. 210.
[146] Arts. 211 EU-CP TA, 145.D EU-CARIFORUM EPA, 248 EU-CA AA, 10.23 EU-Korea FTA.

Another common requirement is to subject the protection of the GIs to the protection in their country of origin[147]. This makes the optional provision of Art. 24.9 TRIPS, mandatory.

Finally, it is worth mentioning that the EU-CP TA enables the parties to extent that protection, in accordance to the law of each Party, to non-agricultural products[148]. Since the EU-CARIFORUM EPA and the EU-CA AA refers to GIs in general, the extension of protection to non-agricultural products seems to be included in the general obligation. In the EU-Korea FTA, the protection is expressly limited to agricultural products.

49. ***Cooperation mechanisms***. All the FTAs provide for specific cooperation mechanisms for GIs[149]. In the case of the EU-Korea FTA, a specific Working Group on GIs is created. In the other FTAs competences are given to cooperation bodies[150] created in the framework of the agreement to follow up the implementation of the GI-related provisions, to exchange information in this field and to monitor the addition of new products to the list of protected GIs.

50. ***Other provisions***. The FTAs include more provisions on GIs. However, it is difficult to identify other common features. For instance, all the treaties include provisions on exceptions to GIs – homonymous GIs, customary names, person's names, plant variety, conflicts with previously protected trademarks, however the number and the content of these provisions vary[151]. These exceptions supplement those listed in arts. 23 and 24 TRIPS.

It is also worth mentioning that the EU-Korea FTA and the EU-CA AA establish a list of requirement that the system of protection of GIs established by each Party must meet[152]. Similar provisions are not included in the EU-CARIFORUM EPA and the EU-CP TA.

Finally, the EU-CP TA and the EU-CA AA include a provision with the following content: a GI protected under each of these agreements "cannot, in that Party, be deemed to have become generic, as long as it is protected as a GI in the Party of origin"[153]. A similar provision is not found in the other two treaties.

2. Implications for Vietnam's IPR System

51. Regulation of GIs in Vietnam is established in arts. 750-753 CC, arts. 79-83 IPL and provisions applicable to industrial property rights in general.

Being a country where agriculture plays a very relevant role on the sustainability of national economy, Vietnam is very concerned about protection of GIs. It is sustained that they can serve not only as a tool for product

---

147 Art. 207 EU-CP TA, 145.A EU-CARIFORUM EPA, 243 EU-CA AA, 10.21 EU-Korea FTA.
148 Art. 207.d).
149 Arts. 213 EU-CP TA, 10.25 EU-Korea FTA, 145.A EU-CARIFORUM EPA, 274 EU-CA AA.
150 The Subcommittee on IP in the EU-CP TA (art. 213) and the EU-CA AA (art. 274), and the CARIFORUM-EC Trade and Development Committee in the EU-CARIFORUM EPA (art. 145.A).
151 Arts. 210.3 and 211 EU-CP TA, 145.C and D EU-CARIFORUM EPA, 246.4, 248 EU-CA AA, 10.21.2, 3, 5 EU-Korea FTA
152 Arts. 244 EU-CA AA, 10.18 EU-Korea FTA.
153 Arts. 246.2 EU-CA AA, 207 h) EU-CP TA.

differentiation with widely recognised products but also as a useful agricultural development strategy[154]. Despite the defects of the law[155], up to now, there are 28 protected GIs in Vietnam, most of them related to national products. In particular, it is worth mentioning that there are GIs on three of the most exported products in Vietnam: rice, coffee and tea.

52. In Art. 20.2 PAC, EU and Vietnam agree to enhance cooperation on establishing the "appropriate means to facilitate protection and registration of the other party's geographical indications in their respective territories, taking into account international rules, practices and developments in this area and their respective capacities".

Taking into account his agreement and the relevance granted to GIs by both parties, there should not be any problem for Vietnam and the EU to agree on a system of *mutual recognition* of GIs. This agreement should not be impeded by the fact that the GIs that the EU wants to include in the lists of protected GIs are much more numerous than does of its partners. For instance, in the EU-Korea FTA, the EU included more that 160 GIs.

Another aspect to take into account in relation to the establishment of these lists is the fact that some of the GIs protected by Vietnam are of non-agricultural products – e.g. *Văn Yên, Huế*. While Vietnam should be interested in including these products in the list, the EU does not protect this category of GIs yet, but it is studying the possibility of adopting legislation in the field[156].

53. Vietnam's IPR system provides a higher level of protection of GIs than the one provided by TRIPS, but Art. 129.3 IPL does not seem to provide protection in one situation covered by the FTAs: use of GIs *for products other than wine and spirits* not originating from the area bearing such GIs, even where the true origin of goods is indicated or GIs are used in the form of translations or transcription, or accompanied by such words as "category", "model", "type", "imitation" or the like. In these cases, it seems like it has to be proved that the alleged infringer is taking advantage of the reputation and popularity of the GI or that consumers are misled as to the origin of the product.

54. Finally, it is worth mentioning that problems may appear to adopt provisions on exceptions to the protection by GIs. As mentioned before, these provisions are very different from one FTA to another. In the EU-CP TA and the EU-CA AA it is said that a GI protected under each of these agreements "cannot, in that Party, be deemed to have become generic, as long as it is protected as a GI in the Party of origin". On the contrary, art. 80 IPL states that names and indications which have become generic names in Vietnam shall not be protected as GIs.

---

[154] T. B. Vu / D. H. Dao, *Geographical Indications and Appellation of Origin in Vietnam: Reality, Policy, and Perspective*, Institute of Policy and Strategy for Agriculture and Rural Development - MISPA Project, 2006. Available at http://www.foodquality-origin.org/documents/GI%20and%20AO%20in%20Vietnam.pdf

[155] It is argued that the law was not clear, making it difficult to implement: in particular, requirements to apply of a GI (produced in a similar place, must be differentiated, compared with similar products) makes it difficult for producers to create an appropriate strategy to develop and protect their trademarks (Y. Heo / T. N. Kien, "Vietnam's…", p. 89.).

[156] In this sense, the Communication, p. 16. Apparently, one of the reasons for the adoption of this legislation is that some EU's partners such as India have asked for protection of non-agricultural GIs in exchange to the protection of EU's agricultural GIs in their territories.

Exceptions to the protection are also established for GIs identical with or similar to protected marks, or which mislead consumers as to the true geographical origin of the products. Furthermore, arts. 125.2 g) and h) IPL states that GIs owners cannot prevent the use of trademarks identical with or similar to the GI where such marks have acquired the protection in an honest manner before the date of filing applications for registration of such GIs; furthermore GIs cannot prevent the use in an honest manner of people's names, descriptive marks of type, quantity, quality, utility, value, geographical origin and other properties of goods or services (art. 125.2 g) and h) IPL).

Finally, the ASEAN-AU-NZ FTA states that each party shall protect trademarks where they predate, in its jurisdiction, GIs in accordance with its domestic law and the TRIPS agreement. Each party recognises that GIs may be protected through a trademark system.

The particularities of the Vietnamese GI system might make difficult an agreement on the content of provisions in this field.

F. Genetic resources, traditional knowledge and folklore

1. Common Provisions in EU's FTAs

55. Traditional knowledge (TK), genetic resources (GRs) and folklore (or traditional cultural expressions) are economic and cultural assets of indigenous and local communities and their countries. In the latter years, there has been a steep rise in the economic and commercial utility of such resources. In the meanwhile, several case of misappropriation of these assets have been reported – e. g. medicines, cosmetics and agricultural products originating from biodiversity resources in African countries and patented by multinational corporations, without there being evidence of benefits accruing to the countries of origin[157].

Protection of these assets is paramount for countries which are biodiversity-rich and are therefore exposed to a major risk of misappropriation. However, principles informing their protection and those informing IPR protection seem to be in conflict. While TRIPS conceives IPR as "private rights"[158] generally owned by individuals or corporations, the United Nation Convention on the Biological Diversity (CBD) proclaims the sovereignty of States over the GRs in their territories and, at the same time, national legislations in several countries state that TK and folklore belong to the local communities where they originate[159].

Works aimed at the adoption of an international instrument in this field are taking place in the TRIPS Council in the framework of the Doha Development Round[160] and WIPO[161]. In the meanwhile, the EU has included this issue in its FTA negotiations which diverging results.

---

[157] T. Worku Dagne, "The Application of Intellectual Property Rights to Biodiversity Resources: a Technique for the South Countries to Maintain Control over the Biodiversity Resources in their Territories?", *RACID*, vol 17, 2009, pp. 150 ss.

[158] See Preamble.

[159] J. Gibson, "Community Resources: Intellectual Property Systems, Traditional Knowledge, and the Global Legal Authority of Local Community", p. 1.

[160] Par 19 of the Doha Declaration.

56. In general, the treaties "recognise the importance of respecting, preserving and maintaining indigenous and local communities' knowledge, innovations and practices related to the preservation and the sustainable use of biological diversity"[162].

57. Secondly, the treaties provide for the promoting and wide application of GRs, TK and folklore with the involvement and approval of the holders of such knowledge, innovation and practices and encourage the equitable sharing of the benefits arising from its utilisation. It should be recalled, that the CBD provides for a "benefit-sharing" obligation[163]. However, explicit endorsement of the rights and obligations of the states under the CBD is only establishes in the EU-CP TA and the EU-CA AA[164].

58. Thirdly, all the treaties include a provision on the relation between the CBD and international obligations in the field of IPR.

The EU-CP TA obliges the parties to ensure that IPR are supportive of and do not run counter to their rights and obligations under CBD.

With the same aim, the EU-CA AA states that nothing in the treaty shall prevent the Parties from adopting or maintaining measures in conformity with the CBD. Its Art. 259.2 adds that "no contradiction exists between the protection of plant varieties and the capacity of a Party to protect and conserve its genetic resources".

The EU-CARIFORUM EPA asks for a mutually supportive interpretation of the CBD and the patent provisions of the treaty and calls for an exchange of view among the parties on issues related to the relationship between TRIPS and CBD.

In the EU-Korea FTA, there is just a provision calling for this exchange of view.

59. Finally, as with other sections in the IPR Chapters, the FTAs include other provisions on this issue but they do not show common characters. It is worth mentioning that the EU-CARIFORUM EPA and the EU-CP TA include provisions related to the disclosure of the origin of GRs in patent applications – a topic widely discussed in multilateral negotiations – but none

---

[161] In 2000, an Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) was established with the objective of reaching agreement on an international legal instrument (or instruments) which will ensure the effective protection of TK, GRs and folklore.

[162] Arts. 201 EU-CP TA, 150 EU-CARIFORUM EPA, 229 EU-CA AA, 10.40 EU-Korea FTA.

[163] In the EU-CP TA, this obligation is stricter because instead of the "involvement and approval", the "prior inform consent" of the holders is required. Furthermore, in relation to the obligation of "benefit-sharing" the EU-CP TA makes reference to the obligation to take measures in accordance with art. 15.7 CBD. Such benefit-sharing obligation may also refer to IPR arising from the use of genetic resources and associated traditional knowledge.

[164] According to the CBD, "the authority to determine access to genetic resources rest with the national governments and is subject to national legislation". Therefore, use of these GR without the informed consent of the country violates the CBD's access and benefit-sharing obligations. It is doubtful whether the absence of a reference to the CBD in the EU-Korea FTA and the EU-CARIFORUM EPA has any implication.

of them establish an obligation to do so[165]. Nothing is said in the EU-Korea FTA and the EU-CA AA.

2. Implications for Vietnam's IPR System

60. Protection of GRs, TK and folklore are important for developing countries in so far as it is commonly the case that these countries are biodiversity-rich. This also the case of Vietnam, a tropical country which is understood to be among the ten richest in biodiversity worldwide.

Examples of legislations in this field are provided by Latin American countries such as Peru, Panama or Costa Rica[166]. This explains why provisions in the FTAs with these countries are more numerous than in the EU-Korea FTA.

The adoption of legislation in this field is not that common in South East Asia. It's been only in the latest years that specific regulations have been adopted to protect the interests of indigenous communities[167], although several countries have adopted specific provisions in certain IPR-related legislation[168].

61. In the case of Vietnam, besides the CBD – Vietnam is party since 1994, specific legislation – the Biodiversity Law (BDL) – is combined with specific provisions in the IPL.

Broadly speaking, among other things, the BDL states the general principle that individuals that benefit from biodiversity exploitation shall share their benefits with concerned parties. Any company interested in accessing GRs must: a) register; b) enter into a benefit sharing agreement (ABS Contract) with the organisation appointed by the government to administer the territory where the GRs are located; c) apply for a license from a competent state management agency; d) periodically submit progress reports on the state of research, development and commercialisation of products derived from GRs.

The law does not include an obligation to disclose the origin of genetic resources in patent and plant variety right applications. According to some authors this would have helped reducing concerns for biopiracy[169].

---

[165] The first states that the Parties may require such a disclosure as part of the administrative requirements for a patent application. The second acknowledges the usefulness of requiring this disclosure because it contributes to the transparency about the uses of genetic resources. This latest treaty also include provisions aimed at facilitating access to information about patent and patent applications related to genetic resources – exchange of information, use of data bases or digital libraries – and the capacity building of patent examiners and law enforcement authorities in the field.

[166] Decision 391 of the Andean Community of Nations on a Common Regime on Access to Genetic Resources (1996), Provisional Measure No. 2186-16 of Brazil (2001), Biodiversity Law 7788 of Costa Rica (1998) or Law No 20 of 26 June 2002 of Panama, Law 27811 of 2009 of Peru on the Protection of Traditional Knowledge of Indigenous People related to Biodiversity. See C. Correa, "TRIPS and TRIPS-plus Protection and Impacts in Latin America", in D. Gervais (ed.), Intellectual Property Trade and Development, Oxford University Press, 2007., pp. 221 ff.

[167] That is the case of the Philippine Indigenous People Rights Act 1997. See C. Antons, "Traditional Knowledge and Intellectual Property Rights in Australia and Southeast Asia", in C. Heath / A. Kamperman Sanders, *New Frontiers of Intellectual Property Law*, Oxford, Hart Publishing, p. 51.

[168] That is the case of the legislation on plant varieties in Thailandia, of copyright and plant varieties in Indonesia. See C. Antons, "Traditional Knowledge…", p. 51.

[169] C. Chiarolla, *Intellectual Property*…, p. 239.

Besides the BDL, Art. 14 k) IPL lists folklore and folk art work of folk culture as works covered by copyright. According to Arts. 23 IPL and 20 D. 100/2006 the users of this category of works are obliged to indicate its origin by citing the geographical location of the indigenous community where such folklore and folk art works were created[170].

Although the BDL encourages the registration of copyright on knowledge derived from GRs, it should be recalled that is not the only means of protection of GRs and TK. Other forms of IPR protection may be more appropriated. There are several examples of protection of TK of indigenous communities by general categories of IPR – e. g. after a dispute with Starbucks, Ethiopian coffee is distributed under a specific trademark. In certain cases, Vietnam may follow the same pattern – e.g. the protection of Coconut-leaf conical hat or *Huế*.

Taking into account that Vietnam is biodiversity-rich, the competent authorities should study the possibility to include provisions on GRs, TK and folklore in a hypothetical FTA with the EU to guarantee an effective protection of its biodiversity internationally.

G. Copyrights and related rights

1. Common Provisions in EU's FTAs

62. Copyright and related rights are governed by arts. 9 to 14 TRIPS (Section 1, Part II). All the FTAs include important TRIPS-plus provisions in this field in relation with international agreements, the term of protection, the role of collecting societies, the recognition of a right to broadcast and communicate to the public to performers, producers of phonograms and broadcasters, and obligations in the field of technological protection measures (TPM) and electronic right management information (RMI).

63. ***International treaties***. All the FTAs include the obligation of the parties to "comply with": a) the Berne Convention; b) the Rome Convention; c) the WIPO Copyright Treaty; d) the WIPO Performances and Phonograms Treaty[171]. Taking into account the extensive protection provided in this treaties, this is an important TRIPS-plus provision.

64. ***Term of protection***. With the exception of the EU-CARIFORUM EPA, it is generally agreed in the FTAs that copyright shall last at least 70 years from the death of the author, and related rights at least 50 years from the end of the year in which the performance was fixed, the fixation of the phonogram was made or the broadcast took place[172]. This is also an important TRIPS-plus

---

[170] WTO, *Vietnam Review*..., at. 80.

[171] Arts. 215 EU-CP TA, 10.5 EU-Korea FTA and 233 EU-CA AA. Surprisingly, the EU-CARIFORUM EPA does not refer to the Berne Convention (although all the parties have ratified it) and, in the case of the Rome Convention, there is only an obligation to "endeavour to accede" (art. 143.A).

[172] Arts. 218-219 EU-CP TA, 234-235 EU-CA AA. In the EU-Korea FTA, the 50-year term is only established for broadcasting (art. 10.6-10.7). The EU-CP TA includes several rules to calculate the term of duration in case of co-authorship, anonymous or pseudonymous works, photographic works, works of applied art, cinematographic or audiovisual works.

provision in so far as the term of protection is increased in comparison with those provided in the Berne Convention and art. 12 and 14.5 TRIPS[173].

65. ***Collecting societies.*** Another common feature of all the FTAs is the inclusion of a provision obliging the Parties to "facilitate the establishment of arrangements between their respective collecting societies with the purpose of mutually ensuring easier access to and delivery of licenses for the use of content…"[174].

This is seen as a useful tool as many countries may be looking at better exploiting their cultural industries. For that reason it is also worth mentioning that, in similar terms, all the treaties but the EU-CARIFORUM EPA call for the effective management, equitable distribution, rationalisation and the improvement of transparency with respect to the execution of the task by the collecting societies.

66. ***Broadcasting and communication to the public***[175]. With the exception of the EU-CARIFORUM EPA, the FTAs include some provision to supplement the rights provided in TRIPS to performers, producers of phonograms and broadcasting organisations.

First, the FTAs supplement Art. 14.1 TRIPS by granting performers with the exclusive right to authorise or prohibit the broadcasting and the communication to the public of their performances, except where the performance is itself already a broadcast performance or is made from a fixation.

Second, performers and producers of phonograms shall enjoy the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes, for broadcasting or for any communication to the public[176].

Third, as a supplement to art. 14.3 TRIPS Parties are obliged to provide broadcasting organisations with the exclusive right to authorise or prohibit the rebroadcasting of their broadcasts. The EU-Korea FTA and the EU-CA AA also grant exclusivity on the communication to the public of their television broadcasts if such communication is made in places accessible to the public against payment of an entrance fee.

Finally, the treaties recall the possibility open to the parties by art. 13 TRIPS to establish limitations or exceptions to these rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

67.*Protection of technological measures and right management information*. The EU-Korea FTA establishes very detailed obligations to

---

[173] Art. 7 Berne Convention and art. 12 TRIPS provides for 50-year minimum term of protection for copyright. Art. 14.5 TRIPS establishes a 50-year minimum term for performers and producers of phonograms, and 20-year for broadcasters' rights.

[174] Arts. 217 EU-CP TA, 143.B EU-CARIFORUM EPA, 236 EU-CA AA, 10.8 EU-Korea FTA.

[175] Arts. 220 EU-CP TA, 237 EU-CA AA, 10.9 EU-Korea FTA.

[176] In similar terms, the treaties states that in the absence of agreement the Parties may enact legislation to set the terms according to which the revenues deriving from that remuneration are to be shared.

provide adequate legal protection against the circumvention of TPM and the removal or alteration of any RMI[177].

The EU-CP TA also includes a specific provision on this issue, but its purpose is just to recall that the parties shall comply with the provisions of Arts. 11-12 WCT and 18-19 WPPT[178]. The provision is superfluous as far as that obligation derives from all EU partners from the general obligation to comply with the WCT and WPPT.

The obligations in these treaties are not as strict as those in the EU-Korea FTA. In particular they oblige contracting parties to provide adequate legal protection and effective legal remedies against the circumvention of TPM, the removal of RMI or the dissemination of works in which the RMI has been altered. Contrary to the EU-Korea FTA, EU's partners have plenty of room to implement this obligation in their national law.

It is worth mentioning that this flexibility is lost in ACTA: art. 27.5 to 8 detail the way in which the obligations related to the protection of TPM and RMI in the WCT and WPPT should be implemented.

68. ***Other provisions***. As it is the case with other categories of IPR, EU's FTAs include other provisions in the field of copyright and related rights. However, further common provisions cannot be identified.

In particular, it is worth mentioning that the EU-CP TA includes an extensive regulation on moral rights[179], the unwaivable right of performers to obtain an equitable remuneration for the transfer of exploitation of certain rights[180], and the artist's resale right[181].

2. Implications for Vietnam's IPR System

69. Copyright and related rights are governed by arts. 736 – 749 CC, arts. 13 – 57 IPL, D. 100/2006 and D. 105/2006. The Culture and Information Ministry is in charge of the management of this category of IPR.

At present, Vietnam is facing several challenges to the protection of these rights deriving from the use of the information and communication technologies (ICT) to exploit and infringe copyright and related rights. While at first sight it seems like the existing regulation is adapted to the digital environment, it is sustained that to ameliorate the management and enforcement of copyright and related rights in the Internet, the following measures need to be taken: to issue legal documents prescribing responsibilities of Internet Service Providers (ISP) in this field; to issue specific regulation to forbid the uploading and downloading of protected contents in the absence of the right holder's consent; to formulate regulations to balance the rights and legitimate benefits of right holders with those of users and the general public; to improve collective

---

[177] Arts. 10.12 and 10.13. Both provisions are copied from Arts. 6 and 7 D. 2001/29.
[178] Arts. 221-222.
[179] Art. 216.
[180] Art. 220
[181] Art. 223. This right is also mentioned in the EU-Korea FTA (art. 10.10) but there is just an obligation to exchange views and information and to enter into consultation within two years to study the feasibility of introducing such a right.

management organisations' capacity for managing and enforcing effectively laws on copyright and related rights[182].

The adoption of some of the measures included in the EU's FTAs would certainly help Vietnam to overcome these challenges.

70. At present Vietnam is party to the Berne Convention and the Rome Convention[183], but not to the WCT and the WPPT. According to the interviews carried out for the elaboration of this Report, Vietnam has the intention to ratify both treaties. Therefore, Vietnam should not have any problem to accept the obligations established in EU's FTAs.

In case of ratifying those conventions, Vietnam might need to adapt its legislation. For instance, the rental right provided in art. 20 IPL for software and cinematographic works should be extended to any work of art as stated in Art. 7 WCT. Another example is found in art. 29 IPL: it should be amended to clarify that performers also have the right to authorise the making available of their fixed performances (art. 10 WPPT).

71. In relation with the *term of protection* in Vietnam, at present it is 50 year *post mortem auctoris* for copyright (art. 27 IPL)[184] and the same term for performers from the fixation of their performances, for producers of phonograms from the year following publication, and for broadcasting organisations from the year following the making of the broadcast (art. 34 IPL).

The adoption of the hypothetical FTA with the EU would require Vietnam to increase the copyright term of protection at least to 70 years.

In relation with performers' rights, while the term is the same that the one provided for in the FTAs, it should be recalled that recently the EU institutions reached an agreement to adopt a new Directive that will increase the term of protection to 70 years[185]. It is still unknown whether this will imply that the EU will ask their partners in future FTAs to provide a similar term of protection.

72. Other provisions in the IPL which might need to be amended are those related with *TPM and RMI*[186]. As previously mentioned, all the FTAs but the EU-Korea FTA exclusively obliges the parties to implement the general obligation provided in the WCT and WPPT. Therefore, EU's partners are not obliged to provide a very detailed regulation on this issue. Having this in mind, Vietnam would not really need to amend its legislation if a similar provision is included in a hypothetical FTA with the EU. However, there are two reasons why Vietnam should study the amendment of its regulation in the field.

First, as previously mentioned, ACTA provides for a detailed regulation of TPM and RMI. It might be the case that in the near future the EU will require its partners to comply with the minimum standards established in that treaty.

---

[182] V. N. Hoan, "Copyright and Related Rights on the Internet in Vietnam", available at http://www.cov.gov.vn/cbqen/

[183] Vietnam is also party to the Phonograms Convention 1971 and the Satellites Convention 1974 as a consequence of the obligation established in the US-Vietnam FTA.

[184] Exceptionally, it is 75 years from publication for cinematographic works, photographic works, works of applied art and anonymous works.

[185] Proposal for a Directive amending Directive 2006/116 on the term of protection of copyright and certain related rights. Available at http://ec.europa.eu/internal_market/copyright/docs/term/2011_directive_en.pdf

[186] Arts. 28.12 to 14, 35.6 to 8, 198 IPL, Art. 43 D. 100/2006, Arts. 7 and 21 D. 105/2006.

Second, Vietnam should be aware that the regulation of TPM plays at important role on promoting access to knowledge[187]. It is usually the case that national legislations sanctions acts of circumvention of TPM without having into account whether the information is protected by copyright or whether the use of that work is legitimate by an exception to copyright. Eurocham has denounced that Vietnam's regulation of TPM is so broad that it covers public interest users who might wish to make fair use of copyrighted works. For that reason, they recommend the inclusion of a specific provision that allows circumvention of TPM for limited purposes under certain specifically defined circumstances[188].

As far as Vietnam does not negotiate a provision of TPM and RMI in a hypothetical FTA with the EU similar to that included in the EU-Korea FTA, it would be possible to adopt these measures[189].

73. In relation with the provisions on *collecting societies*, at present in Vietnam there are three: the Vietnam Literary Copyright Center, the Recording Industry Association of Vietnam and the Vietnam Center for Protection of Music Copyright. Their activities are governed by arts. 56-57 IPL and 41-42 D. 100/2006.

Scholars have underlined the important role that these bodies can play in developing countries to promote traditional music. This can be a source of revenues if the music meets consumer tastes both national and international. Authors of musical works have to rely on collecting societies that represent their interests, collectively administer their rights and collect the dues and transfer them to authors. However, while the system of collecting societies is well established in industrialized countries it is unknown or relatively new in developing countries. National collecting societies enter into bilateral agreements among them in order to represent the interests of their authors in their respective territories. Afterwards, they transfer the royalties to the collecting societies in the home country of the respective author or artist. However, they transfer those royalties only in part to collecting societies in certain developing countries due to the fact of their malfunctioning[190].

Regardless on whether collecting societies in Vietnam are experiencing these problems, it is certainly the case that cooperation arrangements as those provided for in the EU's FTAs may certainly help collecting societies to carry out their task more efficiently. In fact, Vietnam is already party to two FTAs that provides for the promotion of the activities of these bodies[191].

---

[187] J. Kuanpoth, "TRIPS-plus Rules…", p. 27.

[188] Eurocham, *IPR Position Paper*, p. 5. The following examples are provided: circumvention by libraries and education institutions for specific acquisition purposes or reverse engineering in order to develop interoperable computer programs.

[189] This is confirmed by Art. 27.8 ACTA: "In providing adequate legal protection and effective legal remedies pursuant to the provisions of paragraphs 5 and 7, a Party may adopt or maintain appropriate limitations or exceptions to measures implementing the provisions of paragraphs 5, 6, and 7. The obligations set forth in paragraphs 5, 6, and 7 are without prejudice to the rights, limitations, exceptions, or defences to copyright or related rights infringement under a Party's law".

[190] S. Schlatter, "Copyright Collecting Societies in Developing Countries: Possibilities and Dangers", in C. Heath/A. Kamperman Sanders, *New Frontiers of Intellectual Property Law*, Oxford, Hart Publishing, 2005, p 55.

[191] The ASEAN-AU-NZ FTA states that the parties shall foster the establishment of appropriate bodies for the collective management of copyright and encourage such bodies to operate in a manner that is efficient, publicly transparent and accountable to their members" (art. 5). Art.

74. Arts. 29 – 31 IPL and 31, 35, 36 D. 100/2006 seems to be consistent with the obligations provided for in the EUs FTAs in relation with the recognition to performers of an exclusivity right to authorise the *broadcasting and communication to the public* of their unfixed performances.

In fact, the ASEAN-AU-NZ FTA and the US-Vietnam FTA already establish obligations to increase the protection of certain related rights.

IV. PROVISIONS ON IPR ENFORCEMENT

75. Tackling piracy and counterfeiting is one of the priorities for the Commission both inside the EU and abroad.

As mentioned in chapter I, Vietnam has been identified by the EU as a country "with high levels of production, transit and/or consumption of IPR infringing goods" and the US as a country having "serious intellectual property rights deficiencies"[192].

While the substantive efforts made by Vietnam to improve the enforcement of IPR are acknowledged by the US and the EU[193], further actions are needed[194]. Although, the level of counterfeiting and piracy activities seems to have decreased in the latest years[195], some experts understand that recent efforts have not kept in pace with the rising levels of IP-infringing activities[196] .

89.3 Japan-Vietnam EPA obliges the parties to promote the development of the collective management organisations in accordance with its laws and regulations.

[192] See chapter I, at 10

[193] *Evaluation of the Intellectual Property Rights Enforcement Strategy in Third Countries*, Final Report, November 2010, http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_147053.pdf , p. 45: "Vietnam has made substantial efforts to reform its legal system. A major step was the introduction of the Intellectual Property Law and its implementing decrees in 2005; the most recent example being the issuance of a Criminal Circular offering guidelines on criminal prosecution against acts of piracy and counterfeiting on a commercial scale". These improvements are also acknowledge by legal scholars: Y. Heo / T. N. Kien, "Vietnam's…", p. 92.

[194] "While Vietnam took steps to implement important amendments to its IP Law in 2010, the United States urges Vietnam to do more to ensure full implementation" (2011 Special 301 Report, p. 41). The need to keep working on the establishment of an effective system of enforcement was acknowledge by the Vietnamese representative before the TRIPS Council in 2008: : "Although the Government was determined to push forward the process of IP legislation, the current legal system still contained some shortcomings that needed to be settled, especially concerning issues related to IPR enforcement. There remained much work to do towards a "sufficient" and "efficient" IP legal system that met the TRIPS/WTO standards and was in line with the circumstances of Viet Nam" (WTO, *Vietnam Review*, p. 6.).

[195] "An important number of enforcement actions have been conducted. Furthermore, while pirated and counterfeited merchandise remains quite available indeed, it is not at the level hitherto seen in the country", IPR Enforcement Report 2009, p. 14. According to the statistics provided by Y. Heo / T. N. Kien, "Vietnam's…", p. 92: Trademark infringement declined from over 300 cases to fewer than 100 after Vietnam's accession to the WTO in 2007, and software piracy has experienced a 7% drop in the piracy rate over the past five years although Vietnam is still at the top of the software-pirating countries in the world (BSA, 2008).

[196] Y. Heo / T. N. Kien, "Vietnam's…", p. 92. Eurocham considers that a broad range of counterfeiting products continue to be sold in the Vietnamese market. Counterfeiters are becoming more sophisticated in their methods and practices (Eurocham, *IPR Position Paper*, p. 2). For the US some of the problems of IPR enforcement that remain in Vietnam are "the high levels of copyright piracy, increasing levels of piracy over the Internet, satellite and cable signal piracy, and the general availability of counterfeit goods in the marketplace" (US 2011 Special 301 Report, p. 42).

76. As explained in chapter I, the negotiation of FTAs where EU's partners assume an obligation to increase the efficiency in IPR enforcement in the territory of their countries is just one of the actions taken by the EU to fight against counterfeiting and piracy. For that purpose the adoption of legislative measures is necessary, but this is not enough.

The following have been identified as additional problems in Vietnam that need to be tackled in order to attain an effective IPR enforcement system: a) shortage of human resources in terms of quantity and quality[197]; b) lack of coordination between administrative agencies[198]; c) the lack of awareness of the value of IPR protection among Vietnamese business and consumers[199]. As it will be explained in chapter IV, in order to tackle these problems the EU's FTAs provide for cooperation mechanisms.

Having said that, in the following pages the report will focus on the examination of the legislative measures which would need to be taken by Vietnam in case provisions on IPR enforcement similar to those in the existing EU's FTAs are included in a hypothetical agreement with the EU.

77. The provisions on enforcement in the FTAs show more common features than those concerning substantive protections. They mirror provisions in Directive 2004/48 on IPR enforcement (D. 2004/48) and Regulation 1383/2003 on border measures (R. 1383/2003). In general, it can be affirmed that they build on Part III of TRIPS, but they go much further in three senses: a) while TRIPS provisions allow significant room for manoeuvre when implementing, provisions in FTAs list in minute detail not only the results to attain but also the necessary actions[200]; b) the option provided in footnote 4 to art. 23.1 TRIPS to protect GIs for wine and spirits only by administrative means is lost: GIs must enjoy the same protection than the rest of IPR; c) they extend the application of the enforcement mechanisms adopted in accordance with TRIPS to new categories of IPR provided in the FTAs.

78. As it was the case with provisions on substantive protection, sections on enforcement in the FTAs share the same structure: general provisions, civil and administrative remedies, border measures, liability of internet service providers and criminal measures. Common provisions do not exist in relation with the last two sectors.

A. General provisions.

---

[197] "Lack of trained IPR officials" is seen as a problem by the EU (IPR Enforcement Report 2009, p. 14).

[198] Eurocham denounces insufficient cooperation between authorities in charge of enforcement. They lack the financial resources, manpower, expertise knowledge and confidence to deal with unusual cases. This makes it impossible for them to keep up effective enforcement, (Eurocham, IPR Position Paper, p. 3). The US 2011 Special 301 Report also states that , "additional work is needed to streamline enforcement efforts and to improve coordination among enforcement authorities, including by making clear the respective areas of responsibility of the various enforcement agencies". This problem was also mentioned at least by two persons who were interviewed in the framework of the elaboration of this Report.

[199] Eurocham, *IPR Position Paper*, p. 1.

[200] X. Seuba Hernandez, "Health Protection…", p. 36.

1. Common Provisions in EU's FTAs

79.*General obligations*. In order to recall the mandate in Art. 41.1 and 2 TRIPS, the FTAs reiterate the general obligation of the parties to provide for measures, procedures and remedies which are necessary to ensure the enforcement of IPR covered by each treaty. It is also mentioned, that such measures should be expeditious, effective, proportionate and constitute a deterrent to further infringement. They shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays. Finally, they state that such measures should not be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse[201].

Art. 234.4 EU-CP TA states that the Parties are not obliged to put in place a judicial system for the enforcement of IPR distinct from that for the enforcement of law in general in order to comply with the obligations in the FTAs. Furthermore, the Parties do not assume any obligation with respect to the distribution of resources for enforcement of IPR and the enforcement of law in general. While none of the other treaties establish a similar provision, it should be recalled it is copied from Art. 41.5 TRIPS, therefore the EU partners can invoke it regardless of not having been expressly included in their respective FTAs[202].

80. ***Entitled applicants***. Art. 42 TRIPS establishes that members shall make available to *right holders* – including "federations and associations having legal standing to assert such rights"[203] – civil judicial procedures concerning the enforcement of their IPR. The FTAs oblige EU's partners to include in the list of entitled applicants: a) persons authorised to use those rights, in particular exclusive licensees and other licensees; b) IP collective management bodies; c) and professional defense bodies[204]. In all cases, the entitlement to seek application of these procedures of these categories shall be "in accordance with the provisions of the applicable law" or "in so far as permitted by the applicable law"[205].

Furthermore, while Art. 42 TRIPS does not make clear whether the entitlement refers exclusively to civil and administrative actions (Section 2, Part III, where the provision is located) or to any action in the framework of Part III TRIPS, the provisions in the FTAs explicitly refer to Part III of TRIPS in general. Therefore, entitled applicants may also initiate criminal procedures and request the adoption of border measures.

---

[201] Arts. 234 EU-CP TA, 151 EU-CARIFORUM EPA, 260 EU-CA AA, 10.41 EU-Korea FTA. The content of these provisions is a reproduction of Art. 3 D. 2004/48. Art. 3 ACTA reproduces art. 41.1 TRIPS, but art. 6.2 actually contains stronger language obliging the parties to adopt measures to ensure that the rights of all participants are appropriately protected.

[202] X. Seuba, "Checks and balances in the intellectual property enforcement field: reconstructing EU trade agreements", forthcoming (handed by the author), p. 10.

[203] See footnote 11 to art. 42.

[204] The list is copied from Art. 4 D. 2004/48.

[205] Arts. 236 EU-CP TA, 152 EU-CARIFORUM EPA, 10.42 EU-Korea FTA. As an exception, Art. 261 EU-CA AA does not refer to IPR collective right management bodies, although it can be interpreted that as far as they have been granted the management of their rights by IPR holders, they can be considered "holders of IPR" or "federations or association" in the sense of Art. 42 TRIPS. That would be the case of collective management societies in many countries of Central America.

2. Implications for Vietnam's IPR System

81. The IPR Enforcement system in Vietnam is governed by several regulations: arts. 198 – 219 IPL, D. 105/2006, D. 97/2010, Customs Law, the Criminal Code, the Civil Procedure Code and the Criminal Procedure Code.

82. According to art. 199 IPL and 4 D. 105/2006, depending on their nature and seriousness, infringements are handled by civil, administrative or criminal measures. The elements to determine such nature and seriousness are specified in art. 14 D. 105/2006.

While criminal and civil remedies are handled by courts, administrative remedies are handled by inspectorates, police offices, market management offices, custom offices and People's committees of all levels.

Cases are more likely to be settled via administrative procedure due to the fact that they are more time-and-cost effective[206]. However, administrative authorities cannot impose damages.

At present there are not specialized IP courts, although the government has plans to introduce them[207].

Competent authorities handling IPR infringements have the right to ask for IPR assessment by a competent organisation (VIPRI, NOIP….)[208]. This is the general rule in all complaints.

83. According to several sources, enforcement actions and penalties have virtually no deterrent effect on infringers[209]. One of the reasons might be that right holders prefer to ask for administrative remedies to save time and money and renounce to ask for damages in civil procedures. Since the infringement does not cost much money to infringers they do not feel persuaded to carry out infringement activities in the future. As the respondents to the EU Survey on IPR Enforcement stated, other reason for this is that civil procedures, provisional measures, criminal procedures and particularly customs procedures seem to be deficient or not implemented" [210]. Finally, it is the opinion of the US that Vietnam's enforcement agencies should initiate more criminal prosecutions, and impose deterrent-level sentences in appropriate cases[211].

Being so, at present Vietnam is not in a position to comply with the obligation in the EU's FTA – and in TRIPS as well – to adopt measures that "constitute a deterrent to further infringement"[212].

84. It is certainly the case that the implementation of these obligations is not easy for developing countries. Generally speaking, enforcement sections

---

[206] Y. Heo / T. N. Kien, "Vietnam's…", p. 92.
[207] F. Mattei, "Patent Strategy in Asia", Managing IP – Life Sciences, 2011, pp. 9 ff.
[208] Art. 201 IPL.
[209] Y. Heo / T. N. Kien, "Vietnam's…", p. 93. According to Eurocham "Sanctions for selling counterfeit products must be increased and rigidly enforced in practice as a deterrent to counterfeiting activity" (IPR Position Paper, p. 1).
[210] IPR Enforcement Report 2009, p. 14.
[211] 2011 US Special 301 Report, p. 42.
[212] In fact, Vietnam has adopted obligations to improve its enforcement system in US-Vietnam FTA (art. 11) and Japan-Vietnam EPA (art. 94.3).

are expensive to implement: new judges, administrative buildings and personnel, among other investments may be necessary to comply with them.

However, it should be recalled that, in accordance with the FTAs and art. 45.1 TRIPS, EU's partners are oblige neither to put in place a judicial system for the enforcement of IPR distinct from that for the enforcement of law in general, nor to modify the distribution of resources as between enforcement of IPR and the enforcement of law in general.

To fulfil the obligation of adopting measures that "constitute a deterrent to further infringement", and at the same time make use of the right to not modify the distribution of resources seems difficult to harmonise[213].

Furthermore, the FTAs provide for cooperation mechanisms according to which the EU may provide technical assistance to their partners to comply with their enforcement obligations[214].

85. Finally, in relation with the *entitled applicants* to initiate procedures to protect IPR, it seems like licensees of industrial property rights only have legal standing in administrative procedures and under the condition that "the right to request handling of violations is not restricted by holders"[215]. In the case of copyright and related rights, licensees are not mentioned among the entitled applicants[216]. Finally, in relation to plant variety rights, "licensee has the right to take necessary measures to prevent a third party's infringement if within a time limit of 3 months from the date of receipt of a request by the licensor, the latter fails to act as requested"[217].

This does not seem to be consisted with the provisions in the existing EU's FTAs.

B. Civil and administrative measures

1. Common Provisions in EU's FTAs

86. Provisions on civil and administrative measure are the most numerous in the EU's FTAs. They deal with the following issues: evidence, right of information, provisional and precautionary measures, corrective measures, injunctions, publication of decisions and damages and legal costs.

87. ***Evidence***. Rules of evidence can be found in Arts. 43 and 50.1. b) TRIPS. However, the FTAs provide for stricter obligations in this field[218]. First, art. 43 TRIPS states that "the judicial authorities shall have the authority… to order that [an] evidence be produced by the opposing party". The obligation of the states is to empower their judicial authorities to order the measures, however they have discretion to order the measure or not in each particular case. However, the treaties state that states "shall take such measures as are necessary… to enable the competent judicial authority to order the communication [of the information required]". It is sustain that in the FTAs it is

[213] X. Seuba, "Checks and balances…", p. 10.
[214] See chapter IV.
[215] Art. 24 D. 97/2010.
[216] Art. 44 D. 100/2006.
[217] Art. 193 IPL
[218] Arts. 237 EU-CP TA, 153 EU-CARIFORUM EPA, 262 EU-CA AA, 10.43 EU-Korea FTA.

an obligation for the States to provide those measures. Judicial authorities have no discretion to decide on their adoption. If right holders apply for them they are obliged to grant them.

Second, all the treaties but the EU-CA AA precise that the evidence that might be asked for are "banking, financial or commercial documents"[219].

Third, the obligation to adopt these measures is exclusively for IPR infringements "committed on a commercial scale".

Fourth, all the treaties but the EU-CA AA provide for the adoption of "provisional measures for preserving evidence" even when the proceedings have not been initiated[220].

Fifth, while Art. 50.1 only talks about "relevant evidence", the FTAs coincide in the catalogue of measures that can be the object of these provisional measures for preserving evidence: "the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods".

Finally, while all the FTAs state that the party who request the adoption of the measure shall present "reasonably available evidence to support its claims that its IPR has been infringed or is about to be infringed", they do not include other safeguards which are included in TRIPS with the aim of counterbalance the rights of the alleged infringer[221]. Taking into account the supplementary character of the FTAs, it is understood that EU partners are obliged to implement those safeguards in their domestic legislations.

88. ***Right of information***. All the treaties contain provisions allowing judicial authorities to order the infringer to provide information about his accomplices, upstream or downstream in the channels of production and distribution[222]. These provisions are based on Art. 47 TRIPS but with the exception of the EU-CA AA[223] they go much further in detailing the obligations of the parties.

First, while Art. 47 TRIPS states that "Members may provide…", the treaties states that the parties "shall ensure…". So it is not optional anymore for EU's partners to adopt these measures.

---

[219] The provision is copied from Art. 6.2 D. 2004/48. EU-CA AA refers to "evidence" in general.

[220] Arts 238 EU-CP TA, 154 EU-CARIFORUM EPA, 10.44 EU-Korea FTA. In the EU-CP TA (art. 236) these measures cannot be adopted before the commencement of proceedings.

[221] For example, an obligation for the requester to submit reasonable evidence to support his claim and the specification of the evidence relevant to the substantiation of its claim is only established in EU-CA AA. Furthermore, no reference is made in the FTAs to: a) the possibility of the courts to order the applicant to provide a security sufficient to protect the defendant and to prevent abuse (art. 50.3 TRIPS); b) to the obligation of give notice to the parties affected by provisional measures adopted *in audita altera parte* and the right to a review, include a right to be heard (art. 50.4 TRIPS); c) to the possible revocation of the measures upon the request of the defendant if a complaint on the merit is not filed within a reasonable period (art. 50.6); d) to the right to be appropriately compensated for any injury caused by the measures if it is found that there was no infringement (art. 50.7). These safeguards are also present in Art. 7 D. 2004/48.

[222] Arts. 239 EU-CP TA, 155 EU-CARIFORUM EPA, 10.45 EU-Korea FTA. These provisions are modelled in accordance with art. 8 D. 2004/48. In EU-CP TA measures concerning the right of information shall only be implemented in proceedings concerning infringement committed at a commercial scale (art. 235).

[223] Art. 264 EU-CA AA is identical to art. 47 TRIPS.

Second, while in Art. 47 the order to provide information can only be directed toward the infringer, the FTAs allow the order to be directed to other persons involved somehow in the infringement[224].

Third, the provisions lack the exception in Art. 47 TRIPS that allows infringing parties not to inform on third parties or distribution channels if this "would be out of proportion to the seriousness of the infringement".

Fourth, while Art. 47 TRIPS exclusively talks about "the *identity* of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution", the provisions in the FTAs include a detailed list of the information to be provided. First it does not talk about the identity but of the *names and addresses* of the members of the channel of production and distribution. Second it states that such information can also be related to the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

Finally, it is established that the application of these measures is made "without prejudice to other statutory provisions"[225].

89. ***Provisional and precautionary measures***. Art. 50.1 TRIPS states that "judicial authorities shall have the authority to order prompt and effective provisional measures: a) to prevent an infringement of any IPR from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdictions of goods, including imported goods immediately after customs clearance". Par. 2 allows these measures to be taken *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where the is a demonstrable risk of evidence being destroyed". The following paragraphs establish certain safeguards which have already been mentioned to make sure that provisional measures are not abused by right holders.

All the treaties include provisions[226] that expand the types of provisional measures which can be adopted. They all establish that judicial authorities may, at the request of the applicant, issue an interlocutory injunction intended to prevent an imminent infringement of an IPR, to stop the continuation of the alleged infringement, or to subject the continuation of the infringement to the lodging of guarantees[227].

---

[224] In the case of EU-Korea FTA, to "any other person which is party to a litigation or a witness therein". In the case of the EU-CARIFORUM EPA and the EU-CP TA: "any other person who: a) was found in possession of the infringing good on a commercial scale; b) was found to be using the infringing services on a commercial scale; c) was found to be providing on a commercial scale services used in infringing activities; d) was indicated by [any of these persons] as being involved in the production, manufacture or distribution of the goods or the provision of the services".

[225] The aim of these statutory provisions can be to: a) grant the right holder rights to receive fuller information; b) govern the use in civil or criminal proceedings of the information communicated pursuant to the measure; c) govern responsibility for misuse of the right of information; d) afford an opportunity for refusing to provide information which would force the person to admit his own participation or that of his close relatives in an infringement of an intellectual property right; or (e) govern the protection of confidentiality of information sources or the processing of personal data".

[226] Arts. 240 EU-CP TA, 156 EU-CARIFORUM EPA, 263 EU-CA AA, 10.46 EU-Korea FTA. They are based on Art. 9.1 a) D. 2004/48.

[227] There are some distinctions from one treaty to another. First, the EU-CP TA states that such measures shall be adopted "in accordance with domestic legislation". Second, in the EU-CA AA,

With the exception of the EU-CA AA, the other treaties also provide for the establishment of "interlocutory injunctions to order the seizure of goods suspected of infringing an IPR to prevent their entry into or movement within the channels of commerce".

As it was the case with the measures related to the right of information, the FTAs do not include any safeguard aimed at ensuring that provisional measures are not abused. As mentioned before, this does not mean that EU partners are not obliged to implement the safeguards provided for in art. 50 TRIPS.

To conclude it is worth mentioning two important aspects where there are not common provisions. On the one half, seizure of property of the alleged infringer to secure the payment of damages is envisaged in the EU-CARIFORUM EPA and the EU-Korea FTA[228] but not in the EU-CP TA or the EU-CA AA. On the other half, these two FTAs also establish that interlocutory injunctions may be issued against infringers *and intermediaries*[229]. This possibility is not mentioned in the EU-CP TA or the EU-CA AA, but it should be mentioned that ACTA also oblige contracting parties to provide the possibility to adopt provisional measures against "third parties"[230].

90. ***Corrective measures***. As a complement to Art. 46 TRIPS, all the FTAs but the EU-CA AA provide for three possible actions with regards to goods found to be infringing IPR: the recall, definitive removal from the channels of commerce or their destruction[231]. The EU-CP TA and the EU-Korea FTA state that such measures can also be taken, in appropriate cases, also with regards to materials used to produce those goods. It should be recalled that Art. 46 TRIPS also includes this possibility.

91. ***Injunctions***. TRIPS talks about injunctions in art. 44. Leaving aside the EU-CA AA, which is silent on this matter, the other agreements establish a provision similar to that article[232]: in case of infringement, judicial authorities

---

there is no mention to the possibility to subject the continuation of the infringement to the lodging of guarantees, or to the possibility to grant interlocutory injunctions to forbid the continuation of the alleged infringement. Moreover, there is no mention of the possibility to request a recurring penalty payment.

[228] As a guarantee for the opposing party, both treaties state that the applicant of these measures must prove circumstances likely to endanger the recovery of damages. The object of the seizure can be movable and immovable property, including the blocking of bank accounts and other assets. In the EU-CARIFORUM EPA it is further provided that for the purpose of adopting these measures, "the competent authorities may order the communication of bank, financial or commercial documents, or appropriate access to the relevant information.

[229] The EU-CARIFORUM EPA establishes that these interlocutory injunctions may be issued against infringers and intermediaries and in respect of any IPR category. The EU-Korea FTA establishes a similar provision but exclusively for copyright, related right, trademarks or geographical indications. For the purpose of the provision, the EU-Korea FTA states that "intermediary" is to be defined according to each party's legislation, "but shall include those who deliver or distribute infringing goods, and also where appropriate, include online service providers".

[230] Art. 12.1.

[231] Arts. 241 EU-CP TA, 157 EU-CARIFORUM EPA, 10.47 EU-Korea FTA. These provisions are modelled in accordance with art. 10 D. 2004/48. Contrary to the EU-Korea FTA, Art. 46 TRIPS and Art. 10.3 D. 2004/48, no reference is made in the EU-CP TA and the EU-CARIFORUM EPA to the need of proportionality in the adoption of these measures.

[232] Arts. 242 EU-CP TA, 158 EU-CARIFORUM EPA, 10.48 EU-Korea FTA. These provisions are based on Art. 11 D. 2004/48.

may issue an injunction against the infringer to prohibit the continuation of the infringement. In all cases, it is established that "non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment". This is something that is not mentioned in art. 44 TRIPS.

Since the provisions do not make any distinction, it can be assumed that injunctions can be adopted against persons who did not know or did not have reasonable grounds to know that carrying out a certain activity would entail an IPR infringement. In this sense, these provisions go beyond what is established in art. 44 TRIPS.

Finally, the treaties also state that "each party shall ensure that right holders are in a position to apply for an injunction against intermediaries whose services are being used by a third party to infringe IPR"[233]. The provision is TRIPS-plus because art. 44.1 refers exclusively to infringers[234].

92. ***Damages.*** Art. 45.1 TRIPS simply states that the compensation that a right holder can get for the infringement of his IPR must be "adequate to compensate" for the injury caused by a wilful or negligent infringer. With the exception of the EU-CA AA, the FTAs provide for detailed provisions on calculation of damages[235]. Two situations are distinguished:

a) person who knowingly infringed or had reasonable grounds to know that he was infringing an IPR (conscious infringer). In these cases, the treaties state two alternatives to calculate damages. First, judicial authorities may set damages taking into account "all appropriate aspects" which at minimum includes profits made by the infringer and lost profits[236]. Second, as an alternative, the treaties permit a lump sum payment for damages caused which are to be calculated on the basis of elements such as the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the IPR in question.

b) person that did not know or had no reasonable grounds to know that he was committing an IPR infringement ("innocent" infringer). In this case, the treaties state that judicial authorities may order the recovery of profits or the payment of damages which may be pre-established.

Art. 9 ACTA includes a new way in which damages are to be calculated. Courts "shall have to authority to consider, *inter alia*, any legitimate measure of value the right holder submits, which may include lost profits, the value of the infringed goods or services measured by the market price, or the suggested retail price". These novel approaches differ from the one in the EU's FTAs and D. 2004/48 and its application might be problematic.

---

[233] EU-Korea FTA limits the scope of that obligation to "copyright, related rights, trademarks or geographical indications".

[234] This expansion can also be found in ACTA: its Art. 8.1 is similar to art. 44 TRIPS but with a small but important difference, it expands the application of injunctions beyond alleged infringers to include third parties.

[235] Arts. 244 EU-CP TA, 160 EU-CARIFORUM EPA, 10.50 EU-Korea FTA. They are a reproduction of Art. 13 D. 2004/48.

[236] In the case of the EU-CP TA and the EU-Korea FTA – not the EU-CARIFORUM EPA – the moral prejudice caused to the right holder by the infringement shall also be taken into account. The standard of protection is higher than in TRIPS: while Art. 45.1 the obligation of the judicial authorities is to grant damages "adequate to compensate", in the treaties states judicial authorities are obliged to take into account "all appropriate aspects".

93. ***Legal costs.*** Art. 45.2 TRIPS establishes that "judicial authorities shall have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees". In the FTAs, the parties *must* ensure that costs and other expenses are borne, as a general rule, by the unsuccessful party[237]. With the exception of the EU-CARIFORUM EPA, it is said that such legal costs must be reasonable and proportionate. An exception to the general rule can be made if "equity requires that cost be allocated otherwise"[238].

94. ***Publication of decisions***. While TRIPS does not provide for this measure, all the FTAs do[239]. Following an *ex parte* petition, judicial authorities may order the dissemination of the decision, including displaying and publishing. The costs of these measures will fall on the infringer[240].

2. Implications for Vietnam's IPR System

95. Civil remedies are provided in Arts. 202 – 209 IPL and administrative remedies in arts. 211, 214 and 215 IPL and D. 97/2010.

96. At first sight, it seems like arts. 203.5 IPL and 94 CPC are consistent with the obligations in EU's FTAs related to the collection of *evidence*.

97. In relation to the *right of information*, as the Vietnamese representative recognised in the WTO Review, there is no provision in Vietnamese IPR Law empowering authorities to order infringers to inform on the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of commerce[241].

98. Art. 206 IPL states that "upon or after the initiation of a lawsuit, the IPR holder shall have the right to request *provisional measures* if certain conditions are met. The court shall decide to apply provisional measures before listening to the party subject to such measures". Arts. 99 and following CPC govern the procedure to request those measures.

Art. 207 IPL lists the following measures for civil procedures: seizure; distraint; sealing, ban from alteration of original state, ban from movement; ban from ownership transfer. At first sight, the IPL does not seem to include all provisional measures listed in the FTAs such as: interlocutory injunctions or stop the continuation of the alleged infringement. However, these provisional measures can be interpreted to be included in art. 102.12 CPC.

---

[237] Arts. 245 EU-CP TA, 268 EU-CA AA, 161 EU-CARIFORUM EPA, 10.51 EU-Korea FTA. In the EU-CP TA reference is made to "legal costs, procedural expenses, including attorney's fees".

[238] It should be mentioned that the latter sentence is taken from art. 161 EU-CARIFORUM EPA, whose wordings show some differences which those of art. 268 EU-CA AA – "unless equity does not allow this, in accordance with domestic legislation" –, art. 245 EU-CP TA – "unless equity or other reasons, in accordance with domestic legislation" – and art. 10.51 EU-Korea FTA – "unless equity does not allow as such" –.

[239] Arts. 246 EU-CP TA, 162 EU-CARIFORUM EPA, 269 EU-CA AA, 10.52 EU-Korea FTA. They take as a model Art. 15 D. 2004/48.

[240] The only difference among the texts can be found in EU-Korea FTA which establishes that judicial authorities will order the publication "where appropriate".

[241] WTO, *Vietnam Review*, at. 38.

The measures to be adopted are more numerous in administrative procedures[242]. In particular, art. 33 D. 97/2010 states that when detecting a violation, the competent authority shall immediately order its termination (interlocutory injunctions)[243].

An important pitfall of the regulation of provisional measures is that the possibility to adopt them before the commencement of the proceedings is not contemplated. This is not consistent neither with the EU's FTAs nor with Art. 50 TRIPS.

99. The *corrective measures* that competent authorities may adopt in IPR infringement cases depend on whether they are to be adopted in civil procedures or in administrative procedures.

In the first case, competent authorities may order the destruction, distribution or use for non-commercial purposes of the infringing goods or the materials used for the IPR infringement, provided that the adoption of these measures do not affect the exploitation of IPR by the right holder[244].

In administrative procedures, in addition to those measures, art. 214.3 IPL and D. 97/2010 provides for cautions and fines; the confiscation of the infringing goods are materials used to commit the infringement; suspension of business activities of the infringer; compelled transportation out of the Vietnam territory of transit goods infringing upon IPR or compelled re-export of counterfeit goods, as well as imported materials used for the production of the goods, after infringing elements are removed from such goods.

As previously mentioned, the EU-CA AA is the only FTA that provides for the charitable donation of the infringing goods. It is doubtful whether the use of the infringing goods for non-commercial purposes can be considered as a "definitive removal of the goods from the channels of commerce" in the sense of the other FTAs.

Furthermore, certain of these measures only apply to counterfeit marks and GIs and pirated goods (copyright and related rights).

100. *Injunctions* are provided for in civil procedures (art. 202.1 IPL) and administrative procedures (art. 214.1 IPL). In the latter case, the injunction can be subject to caution or monetary fine.

101. As previously mentioned, *damages* can only be requested in civil procedures (art. 202.4 IPL). According to art. 204, damages include material and spiritual damages.

Once a plaintiff has proven material damages, he can request the court to be compensated on the following bases: a) the amount of money plus profit gained by the defendant as a result of the act of infringement where the reduced profit amount of the plaintiff has not yet been calculated into such total material damage; b) price of the license, under the presumption that the defendant has been licensed by the plaintiff; c) where it is impossible to calculate

---

[242] Art. 215: preventive measures to secure the administrative sanctioning include termporary custody of persons; termporary custody of infringing goods, material evidence and means; body search; search of means of transport and objects; search of places where infringing goods, material evidence and means are hidden. Similar measures are established in Art. 32 D. 97/2010.

[243] A caution can be imposed when there are sufficient grounds and clear evidence.

[244] Art. 202.5 IPL, arts. 29-32 D. 105/2006.

compensation on the basis of a) and b), such compensation level shall be set by the court, depending on the damage extent, but must not exceed VND 500 millions[245].

In relation to spiritual damage, they need to be calculated separately: the court shall decide on the compensation level ranging from VND 5 millions to VND 50 millions, depending on the damage extent.

It seems like these calculation criteria should be fine-tuned in the case Vietnam aims to celebrate an FTA with the EU.

102. Art. 205.3 IPL states that the plaintiff can request the court to compel infringers to "pay reasonable costs of hiring attorneys". The provision should be amended because it does not seem to fit the requirements in the FTAs which also include procedural expenses and other expenses.

103. Finally, Vietnamese IPL does not provide for the publication of the judgement, but it include a similar measure consisting on "public apology and rectification" (art. 202.1 IPL).

C. Border measures

1. Common Provisions in EU's FTAs

104. TRIPS devotes Arts. 51 – 60 to border measures. Broadly speaking, Art. 51 states that a procedure must be made available before a judicial or administrative authority to a right holder to lodge an application for suspension of the release of goods suspect of being counterfeit or pirated. The following provisions provide further details and requirements concerning such procedure.

The provisions on border measures in the EU's FTAs[246] increase the standards in TRIPS in four different ways. First, while art. 51 only imposes an obligation to sanction the "importation" of counterfeited or pirated goods (and the control of exports is optional), the treaties extent that obligation to "importation, exportation and transit" at least[247].

Second, Art. 51 exclusively refers to counterfeit and pirate goods. The adoption of border measures for other categories of IPR is optional for the states (art. 51.2). The obligation to establish border measures extents in all the Treaty but the EU-CA AA at least to goods infringing related rights and design rights. In addition, the EU-Korea FTA includes GIs, patents and plant variety rights[248]. The EU-CARIFORUM EPA also includes geographical indications. For this category of IPR, the EU-CP TA only states that "the parties will evaluate the

---

[245] Art. 205 and Arts. 16-20 D. 105/2006.

[246] Arts. 249 EU-CP TA, 163 EU-CARIFORUM EPA, 273 EU-CA AA, 10.67 EU-Korea FTA. These provisions mirror Art. 9 Regulation 1383/2003.

[247] The EU-CARIFORUM EPA and the EU-CA AA to "importation, exportation, re-exportation, entry or exit of the customs territory, placement under a suspensive procedure or placement under a custom free zone or a customs free warehouse"; and in EU-Korea FTA to "importation, exportation, re-exportation, customs transit, transhipment, placement under a free zone, placement under a suspensive procedure or a bonded warehouse of goods".

[248] According to art. 10.67.4 Korea has two years from the date of entering into force of the agreement to implement border measures concerning patents and registered designs.

application of these measures for goods suspected of infringing geographical indications".

Third, art. 58 TRIPS enable (but do not oblige) WTO members to provide their custom authorities the power to suspend *ex officio* the release of suspecting goods, and it provides several requirement that such procedures must met. In EU-CP TA and the EU-Korea FTA, this faculty is an obligation for the parties: they shall provide that their authorities may suspend *ex officio* the release of suspecting goods or detain them if they have sufficient grounds, in order to enable the right holder to submit, subject to domestic law of each Party, a judicial or administrative action. A similar provision is also found in the EU-CA AA, but not in the EU-CARIFORUM EPA.

Fourth, all the treaties state that "any right or obligation established in Part III, Section 4 TRIPS concerning the importer shall be also applicable [*not exclusively to the importer, but also*] to the exporter or to the holder/consignee of the goods".

105. To conclude this section, it is worth mentioning that the area of border measures is one of the most affected by ACTA. For instance, its provisions expand the application of border measures in two ways: first, to all categories of IPR but patents and undisclosed information[249]; second, at least to acts of importation and exportation[250]. ACTA also obliges the parties to empower their competent authorities to act on their own initiative.

2. Implications for Vietnam's IPR System

106. In Vietnam legislation, border measures are governed by arts. 216 – 219 IPL, arts. 34-38 D. 105/2006, 10-12 D. 97/2010 and different provisions of the Customs Law (CL).

At first sight, according to arts. 219 IPL and 57 CL, it seems like the scope of application of these measures include all categories of IPR. However, different measures can be established depending on each IPR. For instance, art. 12 D. 97/2010 establishes special sanctions to the import of goods bearing counterfeit marks or GIs.

These measures are provided for acts of import and export of IPR-infringing goods. But, again, D. 97/2010 establishes that infringing transit goods shall be brought out of the Vietnamese territory. Other special sanctions are established as well depending on the IPR infringed.

At first sight, the measures can only be taken at the request of the right holder. However, art. 37 D. 105/2006 seems to empower customs offices to exercise their power to impose administrative sanctions on their own motion. The interpretation is not shared by the Vietnamese representative before the TRIPS Council who explained that the "IP Law only provides for the authority of customs offices to *ex officio* apply administrative remedies in respect of imported goods regarded as pirated goods or trademark/geographical indication counterfeiting goods"[251].

---

[249] Art. 13 and footnote 9.
[250] Art. 16.1. The adoption of procedures against goods in transit is optional.
[251] WTO, *Vietnam Review*, at 50.

107. Despite the fact that Vietnamese legislation in this field is very close to the obligations established in EU's FTAs, European authorities have raised concerns about its application in practice. "seizures carried out by customs authorities are insufficient, they have been notoriously corrupt, and for many years no actions have been pursued. It is hoped that the new Customs Law will improve the situation, but there is a lack of efficient IT devices or of a single database on goods infringing IPRs"[252].

D. Areas where common provisions do not exist: liability of Internet service providers and criminal measures

1. Provisions in the FTAs

108. ***Liability of Internet service providers***. The EU-Korea FTA and the EU-CP TA contain provisions concerning liability of Internet services providers (ISPs)[253]. In these provisions, the Parties recognise that the services provided by ISPs may be used by third parties to infringe IPR and they oblige to adopt provisions that exempt IPS from liability as far as certain conditions are met.

These provisions concern the following IPS activities: transmission of or provision of access to information provided by a recipient of the service (mere conduit); automatic, intermediate and temporary storage of information provided by a recipient of the service (caching); or the storage of information provided by the recipient (hosting).

At the same time, Parties are obliged not to impose a general obligation on ISP to monitor the information they transmit. They can only be compelled to promptly inform about any alleged illegal activities undertaken or information provided by recipients of their services.

Neither TRIPS nor the EU-CARIFORUM EPA or the EU-CA AA include provisions in this regard. Thus it can be affirmed that there are not common provisions on this issue. However, ACTA establishes provisions in this field which might be incorporated to future FTAs concluded by the EU. Compared to the previous versions, the final version of ACTA has reduced the obligations assumed by the contracting parties in this field.

Art. 27.1 states the obligation of the parties to ensure that all the procedures and standards for civil and criminal enforcement shall be applicable in the digital environment. In particular, such procedures shall be available against the "unlawful use of means of widespread distribution for infringing purposes". Contracting parties have the option of providing measures aimed at requiring ISPs and other intermediaries to provide information about subscribers to right holders on request. In any case, on the adoption of these measures, contracting parties are allowed to preserve their system for ISP liability limitation and any laws that are aimed at preserving free expression, fair process and privacy.

---

[252] *Evaluation of the Intellectual Property Rights Enforcement Strategy in Third Countries, Final Report*, November 2010, http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_147053.pdf

[253] Arts. 10.62 to 10.66 EU-Korea FTA and Arts. 250-254 are but a copy of Arts. 12-15 D. 2000/31 on E-Commerce.

109. ***Criminal measures***. While provisions on criminal measures were negotiated in preliminary drafts of some FTAs[254], up to now the only agreement that include provisions in this field is the EU-Korea FTA[255].

The provisions in this treaty go further beyond the obligations established in Art. 61 TRIPS. First, "acts of piracy" also includes acts in infringement of related rights. Furthermore, Parties may expand criminal measures to acts of counterfeiting GIs and industrial designs. Second, the Parties shall adopt measures to ensure, consistently with the legal principles of their respective legal systems, the liability of legal persons for criminal acts against IPR and to punish the aiding and abetting of such acts. Third, besides the confiscation and/or destruction of all infringing goods and materials used for the commission of the infringement, the Parties shall ensure that their competent authorities have the power to order confiscation of the assets derived from, or obtained directly or indirectly through, the infringing activity.

For the rest of EU partners, the standard of protection is the one established in TRIPS. However, the current *status quo* in international criminal IP enforcement is likely to undergo significant changes once ACTA enters into force. One can expect that the EU will put pressure on their trading partners to adopt this new standard on IPR enforcement either by signing ACTA or by incorporation its substantive standards in future FTAs[256].

Broadly speaking, the content of arts. 23 – 26 ACTA provide for similar obligations to those in the EU-Korea FTA. However, two important differences shall be mentioned.

First, a definition of "acts on a commercial scale" is provided in Art. 23.1: such acts "include at least those carried out as commercial activities for direct or indirect economic or commercial advantage"[257]. The obligation thus is much broader that the one in Art. 61 TRIPS. Any country bound by ACTA would not be able to rely on the significant flexibility of art. 61 TRIPS – and recently confirmed by the WTO Panel Report in the China-IPRs dispute – concerning the interpretation of "commercial scale"[258].

Second, art. 26 shall provide that, in appropriate cases, its competent authorities may act upon their own initiative to initiate investigation or legal action with respect to the criminal offences.

It is worth mentioning that while the EU is negotiating these provisions in international agreements, at present there is no internal legislation on criminal measures[259].

---

[254] That was the case at least of the EU-CP TA.

[255] Arts. 10.54 – 10.61.

[256] H. Grosse Ruse-Khan, "From TRIPS to ACTA: Towards a New Gold Standard in Criminal IP Enforcement?, *Max Planck Institute for Intellectual Property and Competition Law Research Paper*, No 10-06., p. 17.

[257] The notion of "indirect economic or commercial advantage" might cover internet users downloading copyright files without rightholder authorisation and so receiving an (indirect) economic advantage of not having to pay the retail price". H. Grosse Ruse-Khan, "From TRIPS to ACTA…", p. 16.

[258] H. Grosse Ruse-Khan, "From TRIPS to ACTA…", p. 11.

[259] This is one of the reasons raised by a Group of European Academics to question the compatibility of ACTA with the EU *acquis*. See Opinion of European Academics on ACTA, available at http://www.iri.uni-hannover.de/tl_files/pdf/ACTA_opinion_200111_2.pdf . The Commission published a response to this declaration, available at http://trade.ec.europa.eu/doclib/docs/2011/april/tradoc_147853.pdf

2. Implications for Vietnam's IPR System

110. *Liability of ISPs* in Vietnam is governed by arts. 16 – 20 of the Law on Information Technology. These provisions are modelled in accordance to Arts. 13 – 15 D. 2000/31 on electronic commerce and the US Digital Millenium Copyright Act 1998.

Having this in mind, it can be affirmed that the regulation comply with the requirements established in CAN and the EU-Korea FTA.

However, although the legislation exists, it does not seem to be implemented in practice. The US 2011 Special Report has identified as one of the remaining problems for Vietnam the "increasing levels of piracy over the Internet". In fact, practitioners interviewed during the elaboration of this Report stated that infringement of copyright and related rights are committed by the ISPs themselves. For this reason, a future regulation to define the responsibilities of the providers of Internet shall be welcome[260].

111. In relation with *criminal measures*, Vietnam is bound by two FTAs that also include provisions in the field: US-Vietnam FTA and ASEAN-AU-NZ FTA.

Vietnam amended its provisions on criminal measures in the Criminal Code in 2009 with the purpose of fighting more efficiently against counterfeiting and piracy. At present criminal measures extent to copyright and related rights piracy, counterfeit of trademarks and GIs on a commercial scale.

According to the representative of Vietnam before the TRIPS Council, "all penalties in general and fines in particular with regard to the copyright infringement crimes and IPR infringement crimes provided for in Articles 131 and 171 of the Criminal Code are designed in equivalence with other penalties for other crimes with the same seriousness throughout the whole Code, therefore, they have the similar deterrent effect like those applicable to other crimes". Therefore, it is affirmed that the provisions on penalties are consistent with Article 61 of the TRIPS Agreement"[261].

Unfortunately the studies carried out by other countries do not permit to reach this conclusion. In the opinion of the US Trade Representative, Vietnam's enforcement agencies do not initiate enough criminal prosecutions and do not impose deterrent-level sentences in appropriate cases".

Finally, in relation to the terms "acts on a commercial scale", a definition is not provided in Vietnam IP Law, but as the Vietnam representative before the TRIPS Council said: "it is a fact that there is no official definition of this concept in the statutory provisions of other countries in the world"[262]. However, at present, a definition has been provided by a WTO panel[263]. It is certainly a very flexible definition, at least much broader that the one established in ACTA.

---

[260] V. N. Hoan, "Copyright…", p. 11.

[261] WTO, Vietnam…, at. 66.

[262] WTO, Vietnam…, at. 62.

[263] "[…] a "commercial scale" is the magnitude or extent of typical or usual commercial activity. Therefore, counterfeiting or piracy "on a commercial scale" refers to counterfeiting or piracy carried on at the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market. The magnitude or extent of typical or usual commercial activity with respect to a given product in a given market forms a benchmark by which to assess the obligation in the first sentence of Article 61. It follows that what constitutes a commercial scale for counterfeiting or piracy of a particular product in a particular market will depend on the

V. PROVISIONS ON TECHNOLOGY TRANSFER

1. Common Provisions in EU's FTAs

112. Provisions on technology transfer in TRIPS and FTAs have a double aim: first, to oblige the Parties to promote international technology transfer among states; second, to enable the Parties to adopt measures to fight abusive practices in technology transfer contracts between companies. In the present section the second category of provisions will be explained. The first one will be analysed in Chapter IV, since one of the aims of cooperation mechanisms in to promote international technology transfer.

113. TRIPS reaffirms the power of WTO members states to adopt measures to prevent companies to make use of licensing practices or conditions in their contracts "that may constitute and abuse of IPR having an adverse effect on competition" (art. 40.2) or which may "unreasonably restrain trade or adversely affect the international transfer of technology" (art. 8.2)[264].

It is common to all the FTAs to include a provision recalling the power granted to each WTO member in art. 40 TRIPS[265]. In the EU-CARIFORUM EPA it is also established that such measures may also be adopted to prevent the "abuse of obvious information asymmetries in the negotiation of licenses"[266]. Apart from the EU-Korea FTA, the other treaties also make reference to the power granted in Art. 8.2 TRIPS[267]. However, there are important distinctions between TRIPS provisions and those in the FTAs: a) while TRIPS do not create an obligation for the states to adopt such measures, the FTAs (except for the EU-CP TA) do – "the parties shall take measures as appropriate"; b) these provisions could be interpreted as requiring European authorities to monitor the technology transfer impact in the EU's partners of IP licensing practices and other IP strategies of EC companies; c) while in TRIPS, the adoption of those measures must be consistent the other provisions in the Agreement, this requirement is absent in the FTAs so more flexibility for its adoption exists. Scholars understands these provisions as the most effective tool with regard to countering the inhibiting effects of extensive IP protection for technology transfer[268].

2. Implications for Vietnam's IPR System

---

magnitude or extent that is typical or usual with respect to such a product in such a market, which may be small or large." (WTO, 2009, at 7.577)

[264] Another provision in TRIPS related to technology transfer is art. 28.2: "patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts".

[265] Arts. 231 EU-CA AA, 10.3 EU-Korea FTA.

[266] Art. 142 EU-CARIFORUM EPA.

[267] Art. 197 EU-CP TA.

[268] A. Kur / H. Grosse Ruse-Khan, "Enough is enough – the notion of binding ceilings in international intellectual property protection", *MPI Research Paper Series,* No. 09-01, pp. 52-53.

114. Although Vietnam has promulgated an special law on technology transfer contracts, the Technology Transfer Law (TTL), the regulation of these agreements is also affected by other bodies of law: a) the CC includes some provision in the field[269] and it is applicable in all those aspects of the contracts which are not explicitly governed by the TTL[270]; b) provisions on the "transfer of industrial property rights" in the IPL also have an impact on the regulation of these contracts[271]; c) finally, these agreements shall comply with the provisions on the Competition Law.

Vietnam shall make use of these regulations to attain the objectives established in TRIPS and the EU's FTAs. An assessment on whether these regulations prevent right holders from abusing of their IPR with and effect on competition or from making use of licensing practices which unreasonably affect the international transfer of technology would require a detailed analysis that cannot be carried out in this Report. However, at first sight it can be ascertained that Vietnam has established certain limitations in IPR licenses for the sake of fair competition and the promotion of technology transfer. In particular, art. 144.2 IPL prohibits "grant-back" clauses, tying clauses or clauses forbidding the licensee to challenge the validity of the IPR in court. All these clauses shall be declared *ex officio* null and void.

[269] Arts. 754 – 757 CC.
[270] Art. 4.1. The provision also states that "when specific technology transfer activities are provided for in another law, the provisions of that law prevail".
[271] Arts. 138 – 150.

CHAPTER III
QUALITATIVE ANALYSIS OF THE BUSINESS AND ECONOMIC IMPLICATIONS FOR VIETNAM OF AN IPR CHAPTER IN A HYPOTHETICAL FTA WITH THE EU

I. INTRODUCTION

1. Having explained the hypothetical content of an IPR Chapter in a future FTA between Vietnam and the EU and the implications that it would have for the Vietnamese IPR system, it is now time to briefly explain the effects that such a Chapter may have on Vietnam's economy.

It is not the purpose of this chapter to provide an in-deep analysis of those effects. The reasons are that there is not much literature on the issue[272] and that this is not the right place to carry on such analysis. Such work – which is certainly necessary, should be undertaken by economists.

The present Chapter will just explain how the strengthening of IPR protection affects on the socio-economic welfare of developing countries. From the existing literature, it can be explained how Vietnam socio-economic development could be affected by the adoption of an IPR Chapter in a hypothetical EU-Vietnam FTA with provisions similar to those of the existing EU's FTAs.

While the second section of this chapter will argue on the benefits that such an increase of protection which may entail for developing countries, the third will deal with the costs that may derive. Finally, the fourth section will analyse the different mechanisms that Vietnam can make use of to reduce those costs. As it will be explained, Vietnam should make use of the flexibilities provided in TRIPS and hypothetical FTA with the EU to accommodate the required amendments of the IPR system to its particular socio-economic circumstances. Furthermore, those amendments should be accompanied with measures to increase the R&D capacity of Vietnam in order to take full profit of them.

II. BENEFITS OF THE INCREASING OF IPR PROTECTION FOR DEVELOPING COUNTRIES AND VIETNAM

2. Broadly speaking, authors agree that the increasing of IPR protection have benefits for developing countries. However, there is also agreement that how much these countries can benefit depends on its particular circumstances. Furthermore, it is a common opinion that the strengthening of IPR by itself is not enough for the development of a country.

---

[272] Y. Heo / T. N. Kien, "Vietnam's…", p…; M. P. Nguyen, "Impact …", p. 116; N. P. Mai / N. V. Hung / T. N. Ca, "Impact of the Intellectual Property System on Economic Growth. Country Report – Vietnam", *WIPO – UNU Joint Research Project*.

1. The case of developing countries in general

3. Studies have identified three reasons why the increasing of IPR protection benefits developing countries: FDI attraction; technology transfer; promotion of local innovation and R&D.

a) *FDI attraction*. As multinational companies begin to feel that their IPR are secure in a developing country, an increase in FDI will result either because they feel comfortable to import their product, to provide their services or to locate their production and/or other activities overseas. At the same time, it is argued that IPR owners have weak incentives to market their technologies in developing countries with poor IPR regimes due to risks of infringement[273].

Import of IPR-related products by foreign firms may lead to new jobs in distributorship and retail sector in developing countries. Furthermore, a country that enhances its IPR regime may attract additional knowledge intensive products, which will otherwise be unavailable on the local market[274]. There may also be significant gains in terms of product quality and reliability, especially in the area of pharmaceuticals. Trademark protection will also allow consumers from benefiting of genuine goods, goods that come with the assurance of quality associated with the mark through domestic or international advertising and reputation. Finally, music, films and books are unlikely to be distributed in a developing country in the absence of sufficient IPR protection.

The location of subsidiaries in developing countries also implies creation of jobs requiring a higher level of skills. In the best scenario, some R&D jobs are created, which may have spill-over effects in higher education, local laboratories, etc...[275].

b) *Technology transfer*. Levels of technology transfer or licensing are more likely to occur against a secure legal framework and will ultimately lead to the transfer of know-how and expertise that will contribute to local economic growth[276]. Such technology transfer can consist of tangible good (such as technological machinery) made available through merchandise trade, intangible goods (such as technological know-how) made available through service trade[277].

While access to new technologies is good on its own for a developing country – consumers can benefit from them, this also helps local companies to improve their capacity to innovate. In the long run, these industries will be able to benefit from that technology to carry out their own research activities and, if needed, to adapt that technology to the specific needs of the country.

---

[273] D. Matthews, *Globalising Intellectual Property Rights*, Routledge, London/New York, 2002, p. 108 ff; S. Adams, "Intellectual property rights, Investment Climate and FDI in Developing countries", *International Business Research*, vol 3, No 3, July 2010.

[274] S. Adams, "Intellectual property rights ...", 2010.

[275] D. Gervais, "The Changing Landscape of International Intellectual Property", in: C. Heath / A. Kamperman Sanders, *Intellectual Property and Free Trade Agreements*, Oxford, Hart Publishing, 2007, p. 71.

[276] D. Matthews, *Globalising ...*, p. 110.

[277] W. Park / D. Lippoldt, *Technology transfer and the economic implications of the strengthening of intellectual property rights in developing countries*, OECD Trade Policy Working Paper No 62, 2008, p. 12.

c) *Promotion of local innovation and R&D*. Improvements in IPR in developing countries may create the incentives for foreign businesses to invest in new product research or in innovative activities. High technology sector would benefit the most.

For example, publication of patents of foreign companies may provide the background information needed to stimulate new inventions in developing countries.

Thanks to the distribution of foreign music, films and books due to a stronger IPR protection, national cultural industries may develop. At the same time, businesses that rely on copying will disappear, displacing mostly unskilled workers. Hopefully some of them will be able to find job in the new, creative industry. These new jobs are likely to pay higher wages and stimulate creativity, while reducing the need of local creators to live in higher protection countries.

Trademark protection will also lead to the closure of businesses producing counterfeiting goods, but that economic activity could be replaced by jobs in distribution, retail and franchises[278].

4. As previously mentioned, while authors agree on the benefits of increasing the level of IPR protection, there is also agreement that the level of influence of these benefits in each developing country depends on its particular circumstances.

First, it is argued that the positive effects of a stronger system of IPR protection depend on the economic development of each country. IPR are unlikely to generate positive effects below a certain minimum threshold of economic development. Poorer developing countries (but probably not least-developed ones) are poised to benefit from IPR protection due to inward FDI and new imports, as a new source of technology transfer. High income countries also benefit, but IPR protection has only a small positive impact on growth in middle income countries[279].

Second, the increase of IPR protection is not enough to attract FDI. An IPR reform must be accompanied by proactive policies that encourage improvements in physical and institutional or governance infrastructure, and business climate to improve the chances of attracting more FDI. In fact, countries such as Brazil, China or Russia have experienced a great increase in FDI with low levels of IPR protection[280]. This has led some authors to raise doubts about the prospects for significant flows of FDI thanks to higher level of IPR[281].

Third, it is also argued that adequate IPR protection is only one factor that influences technology transfer. There are other factors that also play a role: availability of skilled workforce, tax incentives, local transportation infrastructure, currency, political stability, the size of domestic markets, market

---

[278] D. Gervais, "The Changing Landscape…", p. 73.

[279] D. Gervais, "The Changing Landscape…", p. 63; L. Kilgour, "Building Intellectual Property Management Capacity in Public Research Institutions in Vietnam: Current needs and Future Directions", *Minnesota Journal of Law, Science and Technology*, vol 9, 2008, p. 322.

[280] S. Adams, "Intellectual property rights …", 2010. In fact, several countries listed in the Priority Watch List of the USTR Special Report are some that have received the most significant inflows of US FDI over the years.

[281] C. Correa, *Intellectual Property Rights, the WTO and Developing Countries: The TRIPs Agreement and Policy Options*, London, Zed Books/Third World Network, 2000.

liberalisation and deregulation, technology development policies and competition regimes[282].

Fourth, although it might be that IPR protection will stimulate local innovation in developing countries, this innovation might have been achieved through other policies. For instance, access to low-cost and skilled workforce has played a more significant role than the increase of IPR protection in India to attract foreign multinationals in high technology sectors. According to D. Gervais, "stronger IPRs alone are not sufficient to establish effective conditions for technology development and growth. Rather they must be embedded in a broader set of complementary initiatives that maximize the potential of IPRs to be dynamically pro-competitive"[283]. The possibilities of local companies to innovate do not only depend on the stronger IPR protection. It also depends on the scientific and technological capabilities of the country.

Finally, it is also argued that time is important. In the short-term the increase of IPR protection in developing countries produce net benefits for multinational companies based in developed countries. In the longer term the potential benefits of innovation, joint ventures and investment through greater transfer of technology and inflows of FDI should redress the balance in favour of developing countries.

2. The particular case of Vietnam

5. In relation with Vietnam, an increase in the registration of IPR has been experience in the latest years[284]. However, this does not imply that IPR has some impact on economic growth. In fact, most of those IPR have been registered by foreign firms.

According to the existing literature this assessment is not an easy one since development and growth depends on several policies and strategies. It is difficult to evaluate the impact of IP laws and policies only[285]. In any case, it seems clear that if any, the increase of the level of IPR protection has shown a very small impact on the development of the economy and society in general.

There are three reasons why the impact of the increase of IPR protection is not so strong and effective[286].

First, the enforcement of IPR is still weak in Vietnam for a number of reasons explained in chapter II.

Second, public awareness about IPR is not appropriate.

Third, IPR creation capacity is weak. Vietnam is short of scientists and engineers and the current R&D level – 0.5% of the country's GDP – is generally low as compared with that of other countries in the region. Furthermore, Vietnam's R&D sector is characterised by the fact that instead of research collaboration with universities, firms often do research by themselves. R&D activity in Vietnam is dominated by state-owned inefficient R&D organisations, which make up 60% of all the R&D organisations. Additionally, over 95% of

---

[282] S. Adams, "Intellectual property rights …", 2010.
[283] D. Gervais, "The Changing Landscape…", p. 66.
[284] Statistics on IPR registration and technology transfer can be consulted in Y. Heo / T. N. Kien, "Vietnam's…".
[285] Y. Heo / T. N. Kien, "Vietnam's…", p. 80; M. P. Nguyen, "Impact …", p. 116; N. P. Mai / N. V. Hung / T. N. Ca, "Impact …", p. 15.
[286] N. P. Mai / N. V. Hung / T. N. Ca, "Impact …", p. 15.

enterprises in Vietnam are SMEs, which do not have R&D sections. As a consequence of this the number of patents, utility solutions and industrial designs registered by local entities is very small. This is also due to the lack of a consolidated IP management strategy at SMEs and of business awareness. At present, enterprises pay more attention on creating and registering for trademark protection rather than creating other IP assets like patents or designs[287].

6. Despite the lack of impact of the increase of the level of IPR protection in Vietnam's economy so far, there are elements that require the authorities to keep the same attitude towards IPR protection.

First, Vietnam's authorities have acknowledged in the Master Plan that "the business and investment environment in Vietnam has not really attracted European companies"[288]. As previously mentioned, the increase of IPR may help to attain this objective. Even more when one of the aims of the Master Plan is to "create the favourable environment to attract foreign direct investment from enterprises in very IPR-sensitive sectors such as "IT, telecom and bio-tech"[289].

Second, the attraction of technology transfer would allow Vietnam to climb up the innovation chain.

Third, the attainment of other objectives mentioned in the Master Plan will also require an adequate IPR protection by Vietnam: increasing high-tech products including through joint venture or outsourcing for European enterprises and gradually build up Vietnam trademarks for exports to EU; import from EU the advance technologies together with tech transfer, know how, especially the IT and bio-technology[290]. In addition, the Master Plan states that cooperation should be established or followed to promote tech transfer; develop Vietnamese trade marks for high quality, nice and cheap products including products that Vietnam has already exported such as garments, footwear, timber products, handicrafts; boost the production of Vietnam's leading products such as tea or coffee; developing Vietnam geographical guidelines; and boosting the cooperation with the EU in transfer of bio-tech.

Fourth, as mentioned in chapter I, the Development Strategy demands for the strong development of a scientific and technological market. The creation of such a market needs to be accompanied with the effective protection of IPR.

7. The attainment of these objectives requires a positive attitude towards IPR. However, as it will be explained in the following sections, the increase of the level of protection needs to be accommodated to the particular circumstances of Vietnam and accompanied with other measures in order to create a viable technological base.

---

[287] Science and Technology Development Strategy by 2010 (Decision 272/2003-QD-TTg, 31 December 2003).Y. Heo / T. N. Kien, "Vietnam's…", p. 92. L. Kilgour, "Building Intellectual Property…", p. 345 ff.

[288] Y. Heo / T. N. Kien, "Vietnam's...", p. 98 add the following reasons to the lack of spillover effects of FDI: corruption, weak enforcement of IPR, and the absence of market forces.

[289] Master Plan, p. 9 and 11.

[290] Master Plan, p. 11.

III. COSTS OF THE INCREASE OF IPR PROTECTION FOR DEVELOPING COUNTRIES

8. Despite the benefits that the strengthening of the IPR system may have on the economy of developing countries, some authors have identified some costs that may arise from such strengthening.

9. First, there are the *costs that derive from the implementation* of the obligations established in the IPR treaties. For instance, there might be costs associated with the purchase of the required equipment for the processing of the registration of IPR, hiring new personnel, creation of new judicial courts, building of new facilities, and training of all the personnel in charge of administration and enforcement of IPR. In relation to border measures, the resources needed to secure borders against unlawful importation of infringing goods in difficult terrain such as long coastlines, deserts or jungles might be extremely high. Furthermore, fight against corruption within the IPR administration entail further costs in time and money[291].

10.A second problem identified by experts is that of *access to medicines*. When TRIPS was negotiated, developing countries expressed concerns that the requirement to grant patent to pharmaceutical products may lead to substantially higher drug prices, with adverse effects on healthcare services.

These concerns were reflected in the Doha Declaration on the TRIPS Agreement and Public Health. The Declaration stipulates that TRIPS "can and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health and, in particular, to promote access to medicines for all. The right of the WTO members to take advantage of TRIPS compulsory licensing provision (art. 31) and to adopt the principle of international exhaustion of rights so as to facilitate parallel imports is recalled as well. Furthermore, a Decision was adopted to deal with the particular problem of developing countries that do not have a national industry capable of supplying the market with medicines in case of emergency[292].

The problem is that despite the Doha Declaration, certain FTAs provide for an increase of the IPR protection of pharmaceutical products by different means: the limitation of the situations where compulsory licenses can be applied for, the obligation to adopt the principle of national exhaustion of rights; the extension of the patent term of protection to compensate for unreasonable delays in issuing the patents or in the process of approval by the market regulatory authorities; or the protection of test data submitted to competent authorities for the approval of the marketing of pharmaceutical products.

As a consequence of this, measures that are likely to restrict access to medicines at affordable prices by the population of developing countries still exist.

In Vietnam, 21.45% of the population lives with less than 1.25 $ per day[293]. As a consequence, an increase on the prices of essential medicines may certainly create problems. As explained in chapter II, Vietnam was obliged to

---

[291] D. Matthews, *Globalising* ..., p. 110.

[292] Decision on the Implementation of Paragraph 6 of the Doha Declaration and the Protocol amending the TRIPS Agreement.

[293] Human Development Index, 2011.

protect test data under the FTAs with the US and Japan. However, such protection is provided under unfair competition law, something that the US keeps complaining about[294]. Furthermore, Vietnam has adopted the principle of international exhaustion of right in order to allow parallel imports even in those cases where medicines where commercialised in foreign countries under compulsory licenses.

11. A third problem relates to the *influence that the strong IPR protection may have on the agricultural sector* of developing countries. Certain FTAs require the patentability of all categories of life-forms, including plants, animal, biological processes, genes and gene sequences. In addition, there are some of these treaties that impose the ratification of the UPOV 1991 to ensure an effective protection of plant varieties rights.

It is sustained that adopting these rules may have a considerable socio-economic impact on developing countries that rely on agriculture to sustain its economy. Thanks to the monopoly rights granted large biotechnology companies may disrupt the access to essential products such as seeds or foodstuff in the same way as patents may restrict access to vital medicines for people in developing countries.

In particular, UPOV 1991 provides for the extension of protection to all plant varieties and impose a full-scale monopoly right that might adversely affect the interests of poor farmers, in particular when their right to save seeds is removed.

Vietnam's economy is still predominantly based on agriculture. While dependence on this sector is decreasing, it contributes a 38'7 % to Vietnam GDP and 15% to exports (including rice, wood, rubber, coffee or shrimp)[295]. At the same time 41% of the work force is employed in this sector and 75% of the population still lives in rural areas.

Despite that, Vietnam adopted the UPOV 1991 due to the commitments assumed in its FTAs. In a specific study on plants protection in Vietnam, C. Chiarolla sustains that the existing regime helps multinational corporations to consolidate their presence in the Vietnamese seed market. Whether Vietnamese companies will also benefit from such levels of IP protection with wealth-maximising effects for all is an open question. The option for the UPOV 1991 instead of other existing alternatives and the suboptimal use of TRIPS flexibilities in this field are all "examples of a trend towards an unbalanced model of commodification of resources and knowledge with far reaching implications for wealth redistribution, agricultural innovation, sustainability and development. Under these conditions, innovation spill-overs from agricultural research investments are more likely to be captured by the empowered groups, rather than promoting technology development and diffusion within distributed systems of innovation, such as those which characterise the agricultural sector in most developing countries"[296].

12. A fourth problem is that of *misappropriation of indigenous knowledge and genetic resources*. As previously mentioned, developing countries usually are biodiversity-rich. Since rights to indigenous knowledge are not explicitly

---

[294] US Special 301 Report 2011.

[295] European Commission statistics on Vietnam, available at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113463.pdf

[296] C. Chiarolla, *Intellectual Property…*, 2009.

protected in TRIPS, the complaint has been that IPR allow global acts to appropriate medicinal treatments used widely in developing countries[297].

This should not be a problem for Vietnam since the Biodiversity Law seems to provide an adequate protection of GRs and TK and ensures that local communities can share the benefits for the exploitation of those resources. However, none Vietnam's partner has assumed an obligation to protect these assets in an FTAs so far.

13. The last problem relates to *access to knowledge*. While the Berne Convention provides for a minimum term of protection of 50 year *post mortem auctoris*, FTAs increase that term to 70 years. It is argued that this has an adverse economic impact on libraries, universities, cultural institutions and the public at large. They will have to pay royalties for a longer time. The "copyright balance" is altered very much in favour of copyright owners at the expenses of users.

Furthermore, while the WCT and WPPT oblige to provide sanctions to the acts of circumvention of TPM or alteration of RMI, Contracting states have a lot of flexibility to implement these obligations in their national laws. However, certain FTAs include very detailed provisions on how such obligations have to be implemented. For instance, TPM provisions in US FTAs, the EU-Korea FTA or ACTA prevent the circumvention for non-infringing usage, and interfere with the rights of consumers to deal with the goods they have legitimately purchased. The application of the exceptions to the exclusivity right is narrowed down as the owners can require payment for any use regardless of the user's purpose. The use of the internet and digital works for educational or private non-commercial purposes, or the use by educational and library organisations will be increasingly hindered because of this prohibition[298].

At present, the regulation of TPM and RMI in Vietnam does not seem to entail these problems.

IV. IMPLEMENTING THE EU'S FTAS: MEANS TO AVOID THE COSTS OF THE INCREASE OF IPR PROTECTION

14. The general advantages that an FTA with the EU would provide Vietnam seems to overcome the possible costs that an IPR Chapter in that FTA may entail. Therefore, the question for Vietnam is not whether such FTA should include such a Chapter but how the competent authorities should implemented it in national law to reduce the possible cost of an increase of the level of IPR protection.

The "one-size fits all" system does not fit at all. Vietnam should not just simply "copy-paste" the provisions in TRIPS or in the hypothetical FTA with the EU in its domestic legislation. Vietnamese authorities should adapt the IPR system provided in these treaties to its particular circumstances, including their industrial, cultural, legal and economic parameters[299]. As a representative from

---

[297] J. Kuanpoth, "TRIPS-plus Rules…", p. 43.
[298] J. Kuanpoth, "TRIPS-plus Rules…", p. 43.
[299] Developing countries make use of the elasticity of international IPR instruments to reconcile their rules to the extent possible with their industrial, cultural, legal and economic parameters, based on their determination of priorities (Gervais, p. 80). Adoption by less developed countries the IP protection level of countries that have already reached an advanced stage of development

NOIP said in an interview carried out for the elaboration of this Report, Vietnam needs to adopt a "sustainable IP system". In addition to this, the IPR reform must be accompanied by measures aiming to create a viable technological base. For doing so, the following aspects should be taken into account.

15. First of all, the sections on "General Principles" in the IPR Chapters of the EU's FTAs provide more ambitious principles and objectives than those in arts. 7 and 8 TRIPS. Vietnam should negotiate for the inclusion of principles which are important for its socio-economic circumstances. The authorities would be able to rely on them when implementing those Chapters in domestic legislation.

16. Second, the analysis of the provisions on substantive protection in the FTAs confirms that: a) the level of IPR protection is not heavily increase in relation to the existing level in Vietnam legislation; b) none of the flexibilities in TRIPS is removed.

In relation to the problem of access to medicines, it is true that the EU's FTAs provide for an extension of the term of protection. However, Vietnam would be able to keep its system of test data protection and to make use of compulsory licenses or exceptions to patent protection. Furthermore, Vietnam would be able to keep the principle of international exhaustion of rights.

In relation to the problem for the agricultural sector, the EU's FTAs do not provide for anything that does not already exist in Vietnamese regulation in relation to the protection of plant varieties rights and patents of life forms.

In relation to the problem of the protection of GRs, TK and folklore, the EU's FTAs include provisions to ensure their protection at an international level.

In relation to the problem of access to knowledge, the EU's FTAs increase the term of protection of copyright, but EU's partners have plenty of flexibility to implement the obligations on TPM and RMI in the Internet Treaties. Furthermore, Vietnam would be able to make use of exceptions to the exclusivity rights as far as the three-step test is respected.

17. Third, provisions on enforcement in the EU's FTAs do certainly suppose a problem for Vietnam. They are very demanding and their implementation is costly.

Art. 41.5 TRIPS needs to be recalled: the putting into practice of the necessary measures cannot create obligations "with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general". According to this, Vietnam should be obliged to implement the provisions on enforcement in the FTAs up to the limit of its capacity.

In the same sense, point 45 of the *WIPO Development Agenda* recommends "to approach IPR enforcement in the context of broader societal interests and specially development-oriented concerns, with a view that the protection and the enforcement of IPR should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to

---

many hamstring the ability of the former to take advantage of the same path to development" (L. Kilgour, "Building…", p. 322).

the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations" in accordance with Art. 7 TRIPS.

18. Fourth, the determination of the most appropriate way to implement the obligation in the IPR Chapters must take into account corresponding policies in relevant sectors such as agriculture, S&T and education[300].

In particular, it is sustained that IPR reforms must be accompanied with measures to improve the R&D system of a country. As previously mentioned, the possibilities of local companies to innovate do not only depend on the stronger IPR protection. It also depends on the scientific and technological capabilities of the country. Developing countries are far from homogenous. A country must be able to make good use of imported technology and eventually to compete with its own R&D efforts[301].

This has not passed unnoticed to Vietnam authorities. While the present state of S&T in the country is very poor, the government made clear in the *Science and Technology Development Strategy by 2010*[302] that S&T together with education and training development are the first national policies. Furthermore, bringing Vietnam's science and technological capacity to the level of regional leaders is one of the major goals of the country's current five-year plan on science and technology[303]. Other goals of the Plan include the improvement of the quality and efficiency of scientific research, building a strong scientific work force and increasing international research collaborations. This should allow Vietnam not only to reduce the cost of the IPR provisions in the hypothetical FTA but to make profit out of them.

19. Fifth, in order to comply with its obligations in the EU's FTA, Vietnam should benefit from cooperation mechanisms provided for in their IPR Chapters.

As it will be explained in the following chapter, technical assistance is needed to implement the FTA in a manner that best accommodates to the particular circumstances of each country. It is sustained that developing countries often lack the expertise and resources to draft legislation that addresses their specific needs[304]. It also plays an important role to train the personnel that is in charge of the administration and enforcement of IPR.

But not only that: technical assistance programs can also help a country to create the structures needed to take full profits of the technology that arrives to the country and for the establishment of a R&D structures capable of taking all the profit from IPR protection. In fact, in the EU-CA AA the promotion of technical and financial cooperation in the area of IPR is an objective on its own that Central American countries can benefit from.

---

[300] P. Roffe, "Intellectual Property, Bilateral Agreements and Sustainable Development: the Challenges of Implementation", *CIEL*, January 2007.

[301] Examples of measures that can be adopted in order to improve the R&D system of a country include: granting merit-based research subsidies or grants to local creators, an incentive to local innovators and creators; scholarships to the best students and researchers to go to the top foreign universities especially in fields of S&T of great relevance for the country. Gervais, p. 66.

[302] Available at http://www.most.gov.vn/Desktop.aspx/Details-Article/ST-stratergy/The_translation_is_for_reference/

[303] Decision 67/2006/QD-TTg of 21 March 2006.

[304] L. Kilgour, "Building…", p. 323

CHAPTER IV
COOPERATION MECHANISMS IN THE IPR CHAPTER IN A HYPOTHETICAL FTA BETWEEN VIETNAM AND THE EU

I. INTRODUCTION

1. As it has been previously mentioned, the adoption of legislative measures in the field of IPR protection and enforcement by developing countries are not enough by themselves neither to ensure an effective protection and enforcement of the IPR of both national and foreign companies, nor to promote the international transfer of technology, nor to favour the growth of national industries based on research and innovative activities.

Among other things – political dialogue, sanctions… - such measures need to be accompanied of cooperation mechanisms to help EU's partners to attain these objectives. It should be recalled that developed countries undertook in Art. 67 TRIPS the obligation to provide technical and financial cooperation to developing and least-developed countries in order to facilitate the implementation of the Agreement[305]. Such obligation is reconfirmed in the Doha Declaration[306], and the TRIPS Council has implemented a mechanism to monitor the efforts of each developed WTO members on the compliance of this obligation[307]. It is for their own benefit – increase the level of IPR-related exports and investment – that developing countries experiment an economic growth.

In order to comply with this obligation the EU has adopted cooperation mechanisms in development programs adopted unilaterally or in bilateral agreements.

2. Bilateral EU cooperation has targeted Vietnam among many other countries. The cooperation began in 1989. At present, Vietnam receives aid from the EU in the framework of the EU-Vietnam Country Strategy Paper (2007-2013)[308]. Several projects have been funded under this project, including MUTRAP. Many of them include actions in the field of IPR.

In addition to this, Vietnam benefits from cooperation schemes established in the framework of the ASEAN-EU Cooperation Agreement such as

---

[305] "In order to facilitate the implementation of this Agreement, developed country Members shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country Members. Such cooperation shall include assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel".

[306] Par. 11.2.

[307] Decision of 19 February 2003 (WTO document IP/C/28).

[308] http://www.eeas.europa.eu/vietnam/csp/07_13_en.pdf

the ECAP project whose aim is to facilitate "ASEAN regional integration by building capacity in ASEAN Member States to manage and benefit from a reinforced IPR system"[309].

A new period on the bilateral cooperation between Vietnam and the EU will open when the new PAC enters into force. Art. 20.2 states that "[t]he Parties agree to enhance cooperation on intellectual property protection and enforcement", and paragraph 3 clarifies that such "cooperation shall be implemented in the forms agreed by the Parties, including to exchange information and experiences" on all IPR-related aspects[310]. In addition to this, "[t]he Parties agree to strengthen scientific and technological cooperation in areas of mutual interest [...] taking account of their respective policies and cooperation programmes"[311].

3. Taking these precedents into account, the purpose of this Chapter is triple: a) to identify and explain common cooperation schemes provided in the EU's FTAs; b) to assess whether the inclusion of similar cooperation measures in a hypothetical FTA with Vietnam will add something to the bilateral cooperation schemes that already exist; c) to provide some recommendations on how these cooperation mechanisms should be modelled to avoid problems that have been identified in the existing technical assistance programs.

It is important to note that EU projects in Vietnam will not last forever as far as they depend on EU's strategic needs in Southeast Asia and on the perception that the EU has on Vietnam's economic development. Therefore, it is possible that, in the near future, Vietnam would only be able to rely on the cooperation structures mutually agreement in international agreements.

4. When analysing the "cooperation" provisions included in the EU's FTAs, it is interesting to note that they are very detailed in the EU-CARIFORUM EPA – different from the other FTAs, IPR provisions are included in a chapter entitled "Innovation and intellectual property" – and the EU-CP TA, but they are much more programmatic in the EU-CA AA and the EU-Korea FTA. In this latter case, this can be explained on the fact that the Republic of Korea is not a developing country that needs help from the EU to implement its obligations in the FTA.

Having in mind that cooperation schemes in the FTAs relate to enhance IPR protection and enforcement, technology transfer and research, development and innovation (R&D+I), this chapter will be divided into three sections.

II. COOPERATION IN THE FIELD OF IPR PROTECTION AND ENFORCEMENT

[309] http://www.ecap-project.org/

[310] "[...] such as the practice, promotion, dissemination, streamlining, management, harmonisation, protection, enforcement and effective application of intellectual property rights, the prevention of abuses of such rights, the fight against counterfeiting and piracy, including, inter alia, the establishment and strengthening of organisations for the control and protection of such rights".

[311] Art. 39.

5. Two of the difficulties which have been identified regarding IPR protection and enforcement in Vietnam are: a) the shortage of human resources in terms of quantity and quality; b) the low public awareness of the importance of IPR protection[312].

6. In order to face the first problem, the only cooperation mechanism explicitly mentioned in the PAC is the "exchange of information and experiences". The cooperation mechanisms provided for in EU's FTAs go further beyond: a) exchange of information and experiences on the legal framework concerning IPR and relevant rules of protection and enforcement[313]; b) capacity building or training of personnel; c) enhancement of institutional cooperation between IP offices.

The need of these cooperation mechanisms starts with the process of implementation of the FTA in the drafting of all the legislation needed and continues, *inter alia*, with trainings to the competent authorities – including judges and personnel of IPR administration – in charge of the application of that legislation[314].

7. In relation to the second problem, while the PAC does not say anything, the EU's FTAs call the Parties to adopt mechanisms to increase public awareness (on business circles and civil society as well as public awareness of consumers and right holders)[315].

Vietnamese scholars consider this the most important measures to improve IPR protection and reduce IPR infringement along with raising awareness on IPR-related issues[316].

Public awareness seminar and campaigns should target persons ranging from police officers, customs officers and local governments officials to students, teachers, enterprises focusing on the scientific identification and effective eradications of counterfeit and pirated goods.

A different aspect of the problem of lack of public awareness is the "lack of legal habit" among Vietnam businesses: even the most prominent domestic businesses tend not to seek legal advice prior to entering into contracts, instead seeking law firm counsel only after conflict has arisen[317].

8. While the adoption of an FTA with the EU would provide Vietnam the legal framework to ask for technical assistance to fight both problems, there appears to exist a general view that this cooperation mechanism needs to be better focused.

From the opinions of several IP experts and of the persons interviewed in the framework of this report, the following problems need to be tackled:

---

312 Y. Heo / T. N. Kien, "Vietnam's…", p. 95.
313 Arts. 10.69.1.a) EU-Korea FTA, 164.2.b EU-CARIFORUM EPA, 55.1.A EU-CA AA, 256.1 a) EU-CP TA.
314 In the case of the FTAs concluded by the US, the agreement does not enter into force until the partner has adopted the necessary implementation legislation that meets the expectations of the US. This is not the case of EU's FTAs.
315 Arts. 256.2.d) EU-CP TA, 55.1.b) EU-CA AA, 10.69.1.e) EU-Korea FTA.
316 Y. Heo / T. N. Kien, "Vietnam's…", p. 95.
317 L. Kilgour, "Building …", pp. 317 ff.

a) Technical assistance programs follow a "one size fits all" vision of IPR in their approach. They focus on the strengthening and enforcement of IPR in accordance with the highest standards provided in TRIPS or any other multilateral treaties. Developing countries often lack the expertise and resources to draft implementing legislation. Since the technical assistance they received follows this approach of IPR, it is not surprise that their legislation end up being a copy of TRIPS or of a legislation of a developed country following this approach[318]. Unfortunately the technical assistance they receive does not help them to make use of the flexibilities provided for in international agreement to adapt the implementing legislation to the specific needs of the country.

Among the things which are not adequately explained, M. Leesti / T. Pengelly list the following: how to utilize the flexibilities, safeguards and technical assistance provisions in TRIPS; how to ensure that the national IPR system can best promote innovation, creativity, access to knowledge and transfer of technology; or how to better implement the Doha Declaration[319].

The cause of this problem usually is that speakers follow the "one size fits all" model previously mentioned or that they are not well-prepared. However, it is suspected that another cause of the problem is that the significant interests that developed countries have as importers of products in a particular developing country can play a determinant role on the shaping of a technical assistance program[320].

b) Technical assistance programs are not usually appropriately tailored to the circumstances of each developing country. The reason might be that foreign speakers usually lack knowledge of the local IPR issues and the socio-economic circumstances of the country[321], however it might also be the case that there is a lack in the developing country of a person with enough expertise to provide a need assessment regarding IPR.

In Vietnam, interviewees consider that trainings by foreign experts are important, but they are mostly hold in English and not every competent authority understands English. Therefore, it was recommended that such trainings should be provided by local experts in Vietnamese at least to lower level authorities. Furthermore, it is said that those training should be targeted at different groups depending on their competences and the geographical area where they are located.

c) The beneficiaries of IP-related technical assistance are usually national IP offices, but seldom other national agencies with competences in IP or business organisations. In the opinion of some persons interviewed for this Report, trainings need to be provided not only to member of NOIP but also of other agencies such as the scientific inspectorates or the custom authorities. It is worth mentioning that art. 55.2 EU-CA AA pays special attention to cooperation on custom matters, focusing in particular on the increasing of the information exchange and coordination between the relevant customs administrations. Nothing similar is mentioned in the other treaties.

---

[318] K. Maskus / J. Reichman, "The Globalisation of Private Knowledge Goods and the Privatisation of Global Public Goods", *Journal of International Economy Law*, 2004, pp. 279 ff.
[319] M. Leesti / T. Pengelly, "Assessing Technical Assistance Needs for Implementing the TRIPS Agreement in LDCs", *ICTSD*, August 2007.
[320] C. Chiarolla, *Intellectual Property*..., p. 239.
[321] L. Kilgour, "Building Intellectual Property...", p. 345 ff.

d) These trainings seldom target business associations and companies as the intended end users of IP policies[322]. The following example illustrates the problem that these actors suffer due to the lack of IP awareness: "[Vietnam] has increased its seafood export to the US drastically, but exporters complain that their good quality products suffer due to the difficulties to register trade marks. As result, their price is lower than it would be justified otherwise". The reason is that Vietnamese businesses have not been trained to register trademarks and are not in a position to catch the attention of consumers[323].

e) Something that is requested by Vietnamese authorities is access to IT devices or of databases managed by other countries or international organisations, in particular in relation to counterfeiting goods. This lack has also being identified by enterprises doing business in Vietnam[324]. Unfortunately, the only FTA that explicitly refers to this kind of cooperation is the EU-CA AA: "cooperation on the development and enhancement of electronic systems of the IP offices in the Republics of Central America". While the other treaties do not include a similar provision, it might be the case that the sharing of data is included within the institutional cooperation between IP offices.

9. Despite these problems, it should be recalled that some technical assistance programs have been very successful. For instance, thanks to the "Modernisation of the Industrial Property Administration Project" sponsored by the Japanese Government, the number of applications processed in 2005 increased by 25% over 2004. Also there was a program to support enterprises and creators with regard to information, legal understanding, and developing, exploiting and managing methodology. One of the positive advances made is that the number of IP assets in Vietnam increased, as well as the number of Vietnamese inventions and utility solutions: applications increased in 2005 by nearly 80% over 2004[325].

Vietnam has already received a great deal of IP-related technical assistance. It might be appropriate to confirm whether such technical assistance has matched the needs of the country and to identify those aspects where further assistance is required. Someone within Vietnam's IP administration should make that need assessment.

III. COOPERATION IN THE FIELD OF TECHNOLOGY TRANSFER

10. As it has been mentioned in chapter II, EU's FTAs and TRIPS contain provisions on technology transfer with two different but closely linked objectives: first, to oblige States to promote international technology transfer;

---

322 M. Kostecki, "Intellectual Property and Economic Development: What Technical Assistance to Redress the Balance in Favour of Developing Nations?", *ICTSD, Issue Paper*, No. 14; P. Roffe/D. Vivas/G. Vea, "Maintaining Policy Space for Development", *ICTSD, Issue Paper*, No. 19.

323 M. Kostecki, "Intellectual Property…", p. 22.

324 *Evaluation of the Intellectual Property Rights Enforcement Strategy in Third Countries, Final Report*, November 2010, http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_147053.pdf

325 M. P. Nguyen, "Impact…", p. 116.

second, to enable the States to adopt measures to fight abusive practices in technology transfer contracts between companies. Cooperation mechanisms in EU's FTAs relate to the first of these objectives.

11. According to one of the basic provisions of TRIPS, IPR protection is not an aim on itself but a means to "contribute to the promotion of technological innovation and to the transfer and dissemination of technology to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations." (art. 7).

As it has been explained in the previous chapter, a strong IPR protection system is one of the elements that help developing countries to attract foreign direct investment. Thanks to this, local industries may have access to foreign technology. In the long run, these industries will be able to benefit from that technology to carry out their own research activities. However, the more technology-advanced is a country, the more they can benefit from an IPR system and the more they can compete in the global markets. That's why any IPR reform must be accompanied by measures to reinforce the R&D system of a country.

As a means to accelerate this process, art. 66.2 TRIPS states that "developed countries are called to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to Least Developed Countries in order to enable them to create a sound and viable technological base".

12. The provisions in the EU's FTAs build on these two provisions. The regulation is more abundant in the EU-CP TA, the EU-CA AA and the EU-CARIFORUM EPA than in the EU-Korea FTA, something which can be easily explained by the more advanced level of development of the latter.

To start with, it should be recalled that, in the EU-CARIFORUM EPA and the EU-CA AA, the transfer and dissemination of technology and know-how is an objective on its own[326]. In the EU-CP TA, the need to maintain a balance between the rights of IPR holders and technology transfer is a guiding principle of the IPR Chapter[327].

The cooperation mechanisms that the FTAs provide for to achieve this objective are:

a) Exchange of views and information on their practices and policies affecting transfer of technology both domestically and internationally. Particular attention shall be paid to the conditions necessary to create an adequate enabling environment for technology transfer, including issues such as development of human capital and legal framework[328]. The EU-CP TA connects technology transfer with R&D when stating that particular attention in this exchange of information shall be paid to the creation of an "adequate enabling environment for the promotion of lasting relations between the scientific communities of the Parties, the intensification of activities to promote linkage, innovation and technology transfer between the Parties"[329].

[326] Arts. 132 EU-CARIFORUM EPA, 228 EU-CA AA.
[327] Art. 196.
[328] Arts. 142 EU-CARIFORUM EPA, 231 EU-CA AA, 10.3 EU-Korea FTA.
[329] Art. 255.

b) In all the treaties but the EU-Korea FTA, the EU undertake the obligation established in art. 66.2 TRIPS to offer its institutions and enterprises incentives destined to promote and to favour the transfer of technology to the other Party, in such a way that allows the establishment of a viable technological platform[330].

c) Academic, professional and/or business exchange programs directed to the transmission of knowledge from the EU to the other Parties[331].

d) The EU-CP TA provides also for the promotion of capacity building and training of personnel in this area to the extent of each Party's possibilities.

13. In relation with Vietnam, taking into account that the PAC does not include a provision in this field, the inclusion of provisions such as those in a hypothetical FTA with the EU would be very beneficial for the country's access to foreign technology.

IV. COOPERATION IN THE FIELD OF RESEARCH AND DEVELOPMENT

14. It is sustained that higher standards of IPR protection may increase the level of innovation in high technology sectors in developing countries. This can be further stimulated if international technology transfer is efficiently promoted.

As scholars state, "the way forward for most developing countries is not only to intensify their move toward a more efficient IPR regime, but also to intensify their technological R&D to maximize their growth potential"[332].

However, public and private research and innovative institutions cannot take all the profits from the IPR systems unless well-established R&D systems exist in their respective countries. Furthermore, an important component of any program to attract high-quality FDI and promote technology transfer is the development of a competent indigenous technological capacity[333].

15. Art. 66.2 TRIPS oblige developed countries to help least developed countries to create a sound and viable technological base. For that purpose they are called to provide incentives to their economic actors for the purpose of promoting and encouraging technology transfer.

The EU-CARIFORUM EPA and the EU-CP TA go further beyond TRIPS since they include specific cooperation mechanisms conceived for helping their partners to improve their R&D systems. Unfortunately, the Parties are only obliged "to encourage"[334] or "to foster in compliance with their internal rules"[335] these mechanisms.

---

330 Arts. 142.3 EU-CARIFORUM EPA, 255.5 EU-CP TA, 55.3.b) EU-CA AA.
331 Arts. 255.2 EU-CP TA, 55.3.a) EU-CA AA.
332 S. Adams, "Intellectual property rights …", 2010.
333 S. Adams, "Intellectual property rights …", 2010.
334 Arts. 255.2 and 3 EU-CP TA,
335 Art. 136 EU-CARIFORUM EPA.

a) Participation of entities and experts on their respective systems of science and technology (S&T) in projects and joint R&D+I networks with the purpose of strengthening their capacities in S&T. Such participation can be implemented by means of: joint R&D+I activities and educational projects; visits and exchange of researchers and experts; joint organisation of scientific meetings to foster exchanges of information and interaction; joint R&D+I networks; exchange and sharing of equipment and materials. The EU-CARIFORUM EPA includes many other initiatives such as the participation of non-EU entities in the Knowledge and Innovation Communities of the European Institute of Innovation and Technology[336].

b) Exchange of information about R&D+I projects funded from public purposes. In particular, the EU-CARIFORUM EPA talks about joint initiatives to raise awareness of the S&T capacity building programs of the EU, including the international dimension of the Framework Programmes for Research and Technological Development[337].

c) Capacity building and trainings of personnel in this area to the extent of their possibilities. In the EU-CARIFORUM EPA it is further explained that these actions should be implemented with the purpose of creating long-lasting sustainable links between the S&T communities of each Parties.

In the EU-CA AA the scope of the provisions related to R&D is more modest but, contrary to the previous FTAs, it creates an obligation for the EU to facilitate and promote programs aimed to the creation of activities of R&D in Central America, "to attend the region's needs, such as access to medicines, infrastructure and technology development necessary for the development of their people, among others"[338].

16. When comparing the provisions in the FTAs with that in art. 39 PAC, it can be observed that they do not add much to the cooperation mechanisms in S&T that Vietnam will benefit from once the PAC enters into force.

In any case, it is a common opinion that the country is in urgent need from external cooperation in this field.

According to the Science and Technology Development Strategy by 2010, S&T together with education and training development are the first national policies. S&T must contribute an important role in promoting the country socio-economic development. However, the Strategy and some scholars have identified several defects that place the R&D system in Vietnam well below international standards. Besides the facts explained in chapter III, there is a lack of cooperation among R&D organisations, universities and enterprises. Vietnam's R&D sector is characterised by the fact that instead of research collaboration with universities, firms often do research by themselves. Furthermore, the level of IP awareness among researchers and institutions remains low. It is not common that research institutions have an office dedicated to IP management. Technical assistance has not satisfied the need to

---

336 http://eit.europa.eu/

337 http://ec.europa.eu/research/fp7/index_en.cfm

338 Art. 55.3. c).

develop adequate IP management policies and procedures for national universities and research institutes so far.

These might be some of the reasons why, despite the fact that the IP system is sufficiently reliable to enable research institutions to benefit from registering their innovation, very few of them have registered patents or copyrights. Furthermore, these also explain why the number of foreign patent applicants is much higher than domestic.

Taking this overall assessment into account, it is not surprising that raising Vietnam's science and technological capacity to the level of regional leaders is one of the major goals of the country's current five-year plan on science and technology[339]. Other goals of the Plan include improving the quality and efficiency of scientific research, building a strong scientific work force and increasing international research collaborations.

In relation with this latest aspect, the Strategy states that "international cooperation on S&T should be promoted in order to exploit opportunities brought in by the globalisation". Cooperation mechanisms provided for in the EU's FTAs would certainly help Vietnam to attain its objective in this field.

[339] Decision 67/2006/QD-TTg of 21 March 2006.

ANNEX
PROBABLE CONTENT OF AN IPR CHAPTER IN A HYPOTHETICAL FTA BETWEEN VIETNAM AND THE EU

Content of the hypothetical provisions of the Chapter	**Provisions in Vietnam IPR Legislation probably affected by the Chapter**
Objectives, general obligations and principles	
Objectives Adequate and effective IPR protection and enforcement Promotion of technology transfer Promotion of technical and financial cooperation *General obligations* Implement the provisions of the chapter and the int'l treaties to attain the abovementioned objectives National conformity clause *General principles* Doha Declaration on Public Health Decision on implementation of Paragraph 6. Protocol Amending TRIPS References to Arts. 7 and 8 TRIPS *Exhaustion of rights* Parties are free to establish their own regime	Vietnam´s FTAs only mention the first objective Vietnam has not ratified the Protocol yet. Vietnam has adopted the principle of international exhaustion
Substantive provisions on IPR protection	
Patents *International treaties* Obligation to comply with Budapest Treaty and PCT "make all reasonable efforts to accede to" PLT *Patent term extension* No general obligation *Protection of test data* Any system of protection is admitted.	 Obligation to accede to this treaty is already established in Agreement with Switzerland. Vietnam is party to the PCT Vietnam protects test data as business secrets.
Plant Varieties	

International treaties No general obligation to accede to UPOV 91	Vietnam is already a party to UPOV 91
Farmers' privilege In different terms depending on the FTA	Vietnam applies Art. 15.2 UPOV.
Trademarks	
International agreements References (but no general obligation to accede) to: Madrid Protocol, TLT 1994 and 2006.	Vietnam is party to Madrid system Obligation to make all reasonable efforts to adhere to TLT exists in Agreement with Switzerland
Registration procedures Obligation to adopt opposition procedures Decision duly reasoned and communicated in writing Opportunity to contest the refusal Public available data base of applications and registrations	At first sight, Vietnam's legislation is consistent with these provisions, but practitioners have identified many problems in practice.
Well-known trademarks Different content in each of the FTAs	
Exceptions Fair use of descriptive terms by third parties In certain FTAs provision on relation between GIs and previous trademarks.	Art. 125.2 g) IPL seems to be consistent with these provisions.
Industrial Designs	
International Agreements "all reasonable efforts" to accede to the Geneva Act	Obligation to make all reasonable efforts to adhere to Hague Agreement exists in Agreement with Switzerland
Requirements for protection Individual character Exclusion from protection of designs dictated essentially by technical or functional consideration, or that is contrary to public policy	Arts. 66-67 IPL establish slightly different requirements Similar exclusion exists in art. 64
Scope of protection Making, selling, importing, offering, stocking or using Acts for commercial purpose or that unduly prejudice the normal	All these acts seem to be covered by art. 124.2 IPL IPL does not refers to the last two categories of acts.

exploitation or that is not compatible with fair trade practice. *Term of protection* No common provision *Exceptions* FTAs reproduce art. 26.1 TRIPS *Relation to copyright* The subject matter of protection can also be protected under copyright law	5 years, renewable for two consecutive 5-year terms.
Geographical indications *Mutual Recognition* Obligation for the parties to mutually recognise and protect the GIs of the other party included in an Annex. *Enhanced protection* The protection granted to GIs in general is at least equivalent to that of wine and spirits in TRIPS. Protection is subject to the protection of the GI in the country of origin. In some FTAs, extension of protection to non-agricultural products *Cooperation mechanisms*	Enhanced cooperation in GIs is explicitly mentioned in the PAC. Vietnam level of protection is similar but some exceptions exist. Vietnam protects GIs of non-agricultural products. Problems may appear with relation between GIs and previous trademarks and generic terms.
Genetic resources, traditional knowledge and folklore Endorsement of the CBD in some of the FTAs Mutually supportive interpretation of CBD and TRIPS Recognition of the importance of respecting, preserving and maintaining GRs, TK and folklore Promotion of the application of these resources with the approval of its holders and encouraging the equitable sharing of benefits.	Vietnam is party to the CBD The Biodiversity Law ensures the attainment of these objectives. Protection of folklore is also recognised in IPL
Copyright and related rights.	

International treaties Obligation to comply with Berne Conv., Rome Conv, WCT and WPPT.	Vietnam is not a party to WCT and WPPT. Its ratification might imply some amendments to the IPL.
Term of protection At least 70 year for copyright; at least 50 for related rights	At present 50 years (art. 27 IPL)
Collecting societies Facilitate the establishment of arrangements to ensure access to and delivery of licenses for the use of content	Other FTAs ratified by Vietnam also provide for cooperation in this field.
Broadcasting and communication to the public in relation to performers, producers of phonograms and broadcasters	Similar obligations are established in other FTAs ratified by Vietnam
Protection of TPM and RMI Except for EU-Korea FTA, the protection shall be granted in accordance with WCT and WPPT.	Vietnam already protects TPM and RMI but some amendments might be needed
IPR Enforcement	
General provisions	
General obligation Obligation to provide the means to ensure an effective IPR enforcement. Reference to art. 41 TRIPS. No obligation to put in place a special IPR enforcement system (art. 41.5 TRIPS)	Some doubts about the deterrent effects of penalties: preference for administrative remedies, lack of enough criminal procedures initiated….
Entitled applicants Right holders, persons authorised to use the rights; collective management bodies, professional defense bodies.	It does not seem like licensee can be considered entitled applicants in accordance with IPL.
Civil and administrative measures	
Evidence Competent authorities are empowered to order that evidence be produced by the opposing party, before or after the proceedings have started.	
Right of information Competent authorities can order the infringer or any other person involved	No provision in Vietnamese law

in the litigation to provide information about his accomplices, upstream or downstream in the channels of production and distribution	
Provisional and precautionary measures FTAs allow the adoption of measures that go beyond those established in art. 50 TRIPS	The IPL does not seem to include for civil procedures all the provisional measures established in the FTAs No possibility to adopt those measure before the commencement of the proceedings
Corrective measures Recall, definitive removal from the channels of commerce or destruction of infringing goods or materials used in their production.	It is doubtful that the "charitable donation" of the infringing goods is consistent with the obligations in the FTA. Certain of these measures do not apply to all categories of IPR.
Injunctions Competent authorities may order the prohibition of the continuation of the infringement and impose a penalty payment in case of non-compliance. These measures can be adopted against intermediaries	
Damages and legal costs Two alternatives to calculate damages are established in case of conscious infringer In case of innocent infringer, pre-established damages can be adopted. The infringer shall pay the right holder expenses as a general rule	Damages can only be requested in civil procedures. Some amendment might be needed to adapt the principles of calculation of damages in the IPL to the FTAS' requirements. IPL should make sure that procedural expenses is included in the concept of "legal costs".
Publication of decisions Following a ex parte petition.	IPL provides for "public apology and rectification".
Border Measures Obligation to sanction the importation, exportation and transit of counterfeited or pirated goods. Pirated good include goods on infringement of related rights. Other	While the legislation seems to be consistent with the obligations in the FTAs, there are great concerns about the problems that exist to implement this legislation in practice.

treaties extent the definition of counterfeit goods to include infringement of designs, GIs, patents and plant variety rights. Border measures can be taken against the importer, the exporter or the holder of the goods.	
Provisions on Technology Transfer	
Power of the parties to adopt measures to prevent practices that may constitute and abuse of IPR having an adverse effect on competition (art. 40 TRIPS) or which may unreasonably restrain trade or adversely affect the international transfer of technology (art. 8.2)	The power of Vietnam authorities to fight these practices is governed by the IPL, the Technology Transfer Law and the Competition Law.
Cooperation	
Cooperation in the field of IPR protection and enforcement Exchange of information and experiences Capacity building Institutional cooperation between IP offices *Cooperation in the field of technology transfer* Exchange of views and information on their practices and policies affecting technology transfer both domestically and internationally Incentives to institutions and enterprises to promote and favour technology tranfer Academic, professional and/or business exchange programs Capacity building *Cooperation in the field of research and development:* Participation of entities and experts on their respective system of science and technology Exchange of information abut R&D projects funded from public sources Capacity building	PAC exclusively talks about “exchange of information and experiences” Similar provisions are established in the PAC (art. 39).